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Official Report of Debates (Hansard)

Thursday 1 April 2010



Journal des débats (Hansard)

Jeudi 1^{er} avril 2010

Standing Committee on Finance and Economic Affairs

Pension Benefits
Amendment Act, 2010

Comité permanent des finances et des affaires économiques

Loi de 2010 modifiant la Loi
sur les régimes de retraite

Chair: Pat Hoy
Clerk: William Short

Président : Pat Hoy
Greffier : William Short

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Thursday 1 April 2010

The committee met at 0900 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will come to order. The first bit of business: We need a report from the subcommittee. Mr. Arthurs.

Mr. Wayne Arthurs: Your subcommittee met on Tuesday, March 9, 2010, to consider the method of proceeding on Bill 236, An Act to amend the Pension Benefits Act, and recommends the following:

(1) That the committee request authorization from the House leaders to meet at the call of the Chair on Wednesday, March 31, 2010 for the purpose of public hearings.

(2) That the committee hold public hearings in Toronto on Wednesday, March 31, and Thursday, April 1, 2010.

(3) That the committee clerk, in consultation with the Chair, post information regarding public hearings on the Ontario parliamentary channel, the committee's website and the Canada Newswire.

(4) That the committee clerk, in consultation with the Chair, place an advertisement, for one day during the week of March 15, 2010, in the Hamilton Spectator, the Windsor Star, the Sudbury Star and a French equivalent in each location where possible.

(5) That interested parties who wish to be considered to make an oral presentation contact the committee clerk by 12 noon on Monday, March 22, 2010.

(6) That the committee clerk distribute to each of the subcommittee members a list of all the potential witnesses who have requested to appear before the committee by 1 p.m. on Monday, March 22, 2010.

(7) That if necessary, the members of the subcommittee prioritize the list of requests to appear and return it to the committee clerk by 12 noon on Tuesday, March 23, 2010.

(8) That if all requests to appear can be scheduled, the committee clerk can proceed to schedule all witnesses and no prioritized list will be required.

(9) That all witnesses be offered 10 minutes for their presentation, and that witnesses be scheduled in 15-minute intervals to allow for questions from committee members if necessary.

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUESJeudi 1^{er} avril 2010

(10) That the deadline for written submissions be 5 p.m. on Thursday, April 1, 2010.

(11) That the research officer provides a summary of the presentations by Friday, April 9, 2010.

(12) That for administrative purposes, amendments to the bill be filed with the clerk of the committee by 12 noon on Monday, April 12, 2010.

(13) That the committee meet on Thursday, April 15, 2010, for clause-by-clause consideration of the bill.

(14) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

Chair, that's your subcommittee report.

The Chair (Mr. Pat Hoy): Are we all in favour? Agreed.

PENSION BENEFITS
AMENDMENT ACT, 2010LOI DE 2010 MODIFIANT LA LOI
SUR LES RÉGIMES DE RETRAITE

Consideration of Bill 236, An Act to amend the Pension Benefits Act / Projet de loi 236, Loi modifiant la Loi sur les régimes de retraite.

MULTI-SECTOR PENSION PLAN

The Chair (Mr. Pat Hoy): We'll ask our first presenter of the morning to come forward: Multi-Sector Pension Plan. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning, coming from the official opposition in this round. I would just ask you to state your names for the purposes of our recording Hansard, and you can begin.

Mr. Ian Thompson: Sure. My name is Ian Thompson and I chair of the Multi-Sector Pension Plan.

Mr. Martin Kogan: I am Martin Kogan. I am the general manager of the plan.

Mr. Ian Thompson: We'll be relatively brief in our comments. Obviously, our brief has been circulated. Hopefully, we'll be interesting enough in our presentation that you'll take the time to read the brief after.

First of all, I want to start by saying the Multi-Sector Pension Plan is a somewhat different plan than maybe many of you are used to. We are a target benefit plan.

We're very new in our existence; we started in 2002. We are one of the few defined benefit plans that have been growing in this economic climate.

We started in 2002 as a joint project between the Canadian Union of Public Employees and Service Employees International Union. We started with 200 members. We've grown to nearly 8,000 members as of today, so it has been very successful in a very short period of time.

It is also a plan that covers full-time and part-time employees, and employees in a wide range of different industry sectors, which is also unusual. Sometimes, as a result of that, we feel that regulators and legislators have missed noticing us. Sometimes, when regulations and legislation are drafted, they are drafted in a way that misses some of the nuances of our particular plan.

Generally, we've been very supportive through the Expert Commission on Pensions process. We think it's time that pension reform occurred. Most of the changes in Bill 236 we're substantially in agreement with.

0910

We have some comments on a few areas, and there are five areas that I want to specifically comment on. One is the issue of immediate vesting. Second is the issue of increased transparency. Third is increased regulatory oversight. Fourth is phased retirement, which presents some problems, in our view. The last is solvency funding, which is something that hasn't been addressed and we think should have been addressed in this round of legislative change, particularly as it affects multi-employer plans.

With regard to immediate vesting, we're in agreement with the general concept of immediate vesting. It does have cost implications for our plan. The one aspect of immediate vesting, which we don't think has been addressed by the bill but which may, in the end, be addressed by regulation, is that our plan is unique, or maybe not completely unique, but unusual in that it provides a past-service benefit. In designing the multi-sector plan, we designed a plan to provide defined benefit pension coverage to occupational and industry categories which hadn't traditionally had access to pension plans. In our case, we were particularly interested in social service agencies, child care agencies—very small employers, predominantly female in their composition, that had no history of workplace pension plans. To address, from a policy point of view, that historic inequity, we created a past-service benefit. It's a relatively modest benefit, but it provides for a small additional pension for people who wouldn't traditionally have had a pension.

When you talk about immediate vesting, if that immediate vesting includes the past-service credit, it poses some problems for our plan, because the past-service credit is amortized over a 15-year period of contributions in the plan. Immediate vesting could impact on the ability of the plan to amortize that liability. Hopefully, that can be addressed by regulation. We don't disagree with the concept of vesting. It just causes too big a financial problem for our plan, if it's applied to past-service credit.

We're completely supportive of anything that increases transparency of pension plans. We think those changes in the legislation, which require more disclosure about plan changes, is a good idea. If we had our druthers, I think we would expand the transparency of plans generally.

Regulatory supervision: Again, we're supportive of increased regulatory supervision. We would have been happier if the legislation had gone one step further and included plan advisors and, specifically, acknowledged that plan advisors and the companies that employ them have fiduciary responsibilities to the plan, which makes them liable for some of the advice they give plans.

Phased retirement: In our response to the expert commission, we said that if the government decided to include phased-retirement provisions in the Pension Benefits Act, it not be a mandatory requirement. The legislation respects that, and we appreciate that. We still think there are a lot of problems with phased retirement, and it's unlikely that our plan would accept that kind of direction. We see a lot of labour relations and human resource issues. We don't think that the current regulatory framework is going to stop some abuse in that process. It's voluntary, so maybe that's not as much of a problem as it could have been. We still see it as an area that is bound to cause many, many difficulties in the future, from a labour relations point of view.

The last issue I want to address and, in some ways for us, the most significant, is the issue of solvency funding. We're concerned that this round of legislative reform—and we understand, or the general belief is, that this is only phase one in what might be an extensive process of legislative reform of the Pension Benefits Act. We think solvency funding was of enough significance that it should have been addressed in round one. As you know, plans are expected to be funded both on a going-concern basis and a solvency basis. Solvency essentially means that if, for some reason, the plan had to be wound up, is there enough money in the plan to cover the liabilities?

Multi-employer plans are not subject to the same solvency risks that single-employer plans are. Solvency funding doesn't necessarily make a lot of sense for a multi-employer plan. In our case, we have more than 100 employers in the plan. They are funded primarily through government as transfer payment agencies. We do have some private sector employers as well. The possibility of a significant number of employers going bankrupt, forcing a solvency situation in the plan, is infinitesimal; it's tiny.

The Chair (Mr. Pat Hoy): You have about a minute left for your presentation.

Mr. Ian Thompson: I'm moving rapidly.

We had hoped that this round of legislation would provide solvency relief for multi-employer plans. We acknowledge that through regulation you have allowed some plans to get what's called SOMEPP designation. Our plan, unfortunately, because of a very strange regulatory twist, was unable to get SOMEPP designation. The twist has to do with the fact that SOMEPP

designation was extended to plans that represent tax-paying employers. Our employers are not taxpaying because they are transfer payment agencies. They don't meet that definition under the Income Tax Act regulation, which is then being applied to SOMEPP.

We managed to get a bit of regulatory forbearance, but we would ask that you look at solvency funding for multi-employer plans generally and, specifically, that you expand that SOMEPP regulation to include plans like ours. There's not a lot of us. Really, that's our presentation.

The Chair (Mr. Pat Hoy): Thank you very much. This round of questioning will go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you very much for your presentation. First of all, we have five minutes, so if there's more that you wanted to say, feel free to say it. I'd start by asking a little bit more about the Multi-Sector Pension Plan because I gather it's unique. You say you have 8,000 members. Across the province, what would be the total for all multi-sector plans?

Mr. Ian Thompson: We're a national plan, though we are registered in Ontario, and the plurality of our membership is in Ontario, but we have members in every other province except Quebec. What happened to myself and other people in my organization is that we realized that there were huge gaps in pension coverage for our members, again, primarily in female-dominated workplaces, primarily in small transfer payment agencies. We wanted to address that problem, so in conjunction with SEIU, we created this plan. We've grown by about 2,000 members a year, and it is freely collectively bargained. One of the questions that you sometimes get asked is, "Do people really understand defined benefit plans?"

0920

Mr. Norm Miller: Yes, you say you're target benefit, but also defined benefit. Can you explain how—

Mr. Ian Thompson: It's the same thing. We have a formula, but the formula is essentially based on a career-average earning kind of model.

The closest thing, without going into a lot of description, is that we're sort of like the CPP, except we operate as a pension plan.

Mr. Norm Miller: And your 8,000 members: Is that across the country, then?

Mr. Ian Thompson: That's across the country.

Mr. Norm Miller: How many in Ontario?

Mr. Ian Thompson: I'd say about 5,000 in Ontario.

Mr. Norm Miller: And are there other multi-sector pension plans in Ontario as well?

Mr. Ian Thompson: They tend not to be. They tend to be more industry-specific. For example, there's an Anglican Church plan that I think—I don't know whether I would call that an industry-specific plan.

Mr. Norm Miller: You were saying that it's not covered in Bill 236, the solvency funding, but you'd like to see some relief for your type of plan. But you do have some private sector members of your plan. What happens when one of those private sector members goes bank-

rupt? Why shouldn't there be tough solvency requirements so that the plan members are ensured of receiving their benefits?

Mr. Ian Thompson: They're not a big enough proportion of our plan that they would cause the plan to wind up. We have 100 employers. If 10 employers went bankrupt, we would survive. The plan would continue and would continue to be able to fund the benefit. We're very healthy on an ongoing-concern basis.

Solvency is a problem for us because of the past service credit, because when we designed the plan, we intended that past service credit to be funded over 15 years. The new solvency requirements require that it be funded over five. It puts an extreme burden on the plan and it stops us from being able to address that historic inequity.

Mr. Norm Miller: Okay. I think Toby had a quick question he wanted to ask.

Mr. Toby Barrett: Just very briefly, with respect to the SOMEPP regulation, the intention to exempt multi-employer plans—I don't know what SOMEPP stands for, and also SMEPP. What is that?

Mr. Ian Thompson: Sorry, specified Ontario multi-employer pension plan and specified multi-employer pension plan, which is the federal equivalent.

It's kind of curious, because the feds gave us SMEPP status and we don't really qualify for SOMEPP status, though they apply the same criteria. We meet all of the criteria except the difference between profit and non-profit.

Mr. Toby Barrett: Okay, thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Ian Thompson: Thank you.

ONTARIO FEDERATION OF LABOUR

The Chair (Mr. Pat Hoy): Now I call on the Ontario Federation of Labour to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. If you would identify yourselves for our recording.

Ms. Terry Downey: Great. Good morning, Chair Hoy, and the rest of the panel members. My name is Terry Downey and I'm the executive vice-president of the Ontario Federation of Labour. With me is Sheila Block, our research director, who is heavily involved in pension issues. She and I will be presenting and fielding any questions that you might have.

The federation of labour, as you probably well know, is unions affiliated to us all over this province. We represent over a million working people in this province.

The economic crisis, as you know, has highlighted a number of weaknesses, we believe, in our pension system. Many workers remain unemployed. Since the start of the recession, asset values dropped dramatically and then recovered about half their value. Many plan sponsors are facing continued financial difficulties.

Governments have responded with aggressive interest rate reductions.

All these events have a negative impact on Ontarians' retirement savings, whatever form they take, whether it's defined benefit pension plans, defined contribution pension plans or private savings for retirement. As a result, reforms to strengthen the pension system are a high priority for Ontarians.

The OFL is pleased to make this submission on Bill 236, An Act to amend the Pension Benefits Act. There is much in this bill that the trade union movement can support. At the same time, we have suggested amendments to strengthen this legislation. However, before we begin to address this legislation, I want to underline the major issues of pension policy that have not been addressed in this bill.

The first issue is the adequacy of pension coverage. Almost two thirds of working Ontarians are not members of employer-sponsored pension plans. The most effective way to improve retirement security for all Ontarians would be to increase Canada pension plan benefits. This would draw on existing economies of scale, risk-sharing and administrative efficiencies of the plan. The labour movement has put forward a workable, affordable plan to double the Canada pension plan benefits. At a pension summit last weekend, more than 400 folks spent the day discussing and debating this proposal. We believe that we will continue to gather and gain support and momentum for this proposal in the consultation process leading up to the finance ministers' meeting in May.

The second is a set of major issues within the Pension Benefits Act. These include measures with respect to pension funding rules, the use of plan surpluses, and benefit security through the pension benefits guarantee fund.

With those caveats, I will turn to the substance of our brief, and in particular the recommended amendments to the sections of the act that deal with the following issues: surplus distribution, grow-in benefits, asset transfers, access to plan information and individual transfers. I would ask that you read our brief for a fuller discussion of these and other issues in the act.

I will turn first to the issue of surplus distribution. Bill 236 represents a loss of entitlement for plan members. However, we are prepared to support this proposed amendment if it incorporates the Arthurs commission recommendations on this issue; that is, in the absence of a surplus sharing agreement, employers should only have access to the surplus when the employer had "clear entitlement" to the surplus. I would direct you to page 2 of our brief for our recommended amendment to the proposed section 79.

Grow-in benefits: We strongly support extending grow-in benefits to all workers whose employment is terminated and who meet the requirements. We believe that this will increase equity and mitigate the loss of plan members' rights through the elimination of partial wind-ups. However, section 1.1 is problematic. It is frequently unclear whether termination is voluntary. Pension

legislation does not generally differentiate between voluntary and involuntary terminations. This is not an issue in which the regulator has any special competence. Attempting to differentiate between voluntary and involuntary quits adds cost, complexity and inequity. The grow-in provisions must not be limited in this way.

We support the proposed subsection 74(1.2) which allows sponsors of MEPPs and JSPPs to choose whether to direct resources to grow-ins or to other advantages or benefits for their members. We are concerned, however, with the amendments made to subsection 74(8). Under current legislation, it is very clear that PBGF coverage extends to grow-in benefits. However, the proposed legislation makes no reference to PBGF coverage when calculating pension benefits eligible for coverage. Clearly, this must be an oversight during the drafting process of Bill 236. I would direct you to pages 3 to 5 of our brief for the specific amendments we are proposing.

Transfers between plans need to be made as simple and transparent as possible. The basic principles of preservation of benefits and commuted values are necessary to ensure fairness and impartiality, and individual choice needs to be preserved. The proposed changes to the act remove the requirement that benefits be identical; however, individual members still have no choice with respect to transfers. Furthermore, in the public sector, the interest of the original employer in an asset transfer for their past service is questionable. We believe that a reciprocal agreement between pension plans provides a better model for group transfers in the public sector than the proposed agreement between the original and the successor employers. In order to avoid the problems that arise from delays in implementation, this agreement should include a provision for binding arbitration, should the plan administrators prove unable to reach an agreement in a timely manner.

0930

Phased retirement: The labour movement has concerns about phased retirement—its impact on workers and on pension plans' finances. We would recommend that the government engage in a fuller study prior to implementing phased retirement, as suggested by the OECF. If the government does proceed, we support the requirement that the phased retiree have reduced worker hours. We recommend that the bill be amended to require negotiated provisions in the collective agreement governing phased retirement.

Let me talk about access to plan information and notice of proposed amendments. It's not clear to us that the requirements to provide information on proposed amendments in section 26 does not include those with respect to transfers of assets, which can have large impacts on plan members. We have concerns about the impact of subsection 26(5) of the bill in a small minority of cases. The requirement to have payment and written request at the same time could be used to delay access to information for plan members.

We are concerned about the potential for broad interpretation of "prejudice the economic interests of an

employer or the competitive position of an employer" in section 30.1. This could prevent or delay members' access to plan information. We therefore recommend deleting this section of the bill. I would direct you to page 12 of our brief for the proposed amendments to this section of the act.

We are also concerned about individual transfers. We are concerned about the impact of the proposed change to section 50 on the retirement incomes of precarious workers. From a policy perspective, immediate vesting acknowledges the increased turnover in labour markets and encourages plan members' retirement savings from each employer. Section 50 of the legislation increases the amount that can be paid out in cash. We are concerned that this section of the bill will contribute to decreased retirement security for Ontarians. We suggest that these transfers should only be made to locked-in registered retirement savings arrangements.

Thank you for considering these changes to strengthen Bill 236.

The Chair (Mr. Pat Hoy): Thank you for the presentation. This round of questioning goes to the NDP. Mr. Miller?

Mr. Paul Miller: Good morning. Actually, I guess one of the biggest factors that was missing was the adjustment to the PBGF fund. You represent all sectors of the Ontario labour force, and some of the major pension plans in Ontario are grossly underfunded and almost on windup position. It's pretty scary stuff. I want to know the OFL's reaction to the lack of any of Mr. Arthurs's suggestions when he even agreed with our party that it should be changed to \$2,500; he recommended to the government that it should be raised to \$2,500. I want to know your reaction to absolutely nothing in the bill to address this situation.

Ms. Sheila Block: We were very concerned about not having anything about increasing PBGF benefits in the bill, and one of our proposed amendments in our brief is to increase it to \$2,500. I think Mr. Arthurs, in naming his report A Fine Balance, talked about the balance that was required. In terms of loss of access to partial windup and to surplus, part of the package of trade-offs that he proposed was an increase in the PBGF and grow-in provisions. So we got part of that proposal, but not the whole package.

Mr. Paul Miller: As you know, we've been working on this for a long time. I remember putting in Bill 17 for the PBGF increase before Mr. Arthurs's report came in, which fell on deaf ears and didn't even reach committee level. So it was a big frustration for us too.

This bill does address vesting, which was always one of the goals of the OFL, which is good; there used to be a two-year wait period before you were vested—that's good. Grow-in rights are being addressed, not to the level we'd like, but they are being addressed, which is good too. There were some good things in the bill. It fell drastically short because there is no financial connection to improving the situation of the floundering pension

plans in our province, and that's a scary situation. I'm sure I'll be hearing more about that today.

What we're hoping for is that the government will take this back and do something to start the—we don't suggest that you could jump to \$2,500 or \$2,700 right away. In this fiscal atmosphere, that would be quite a tough task. But we do believe it could be phased in over a period of time, and I believe you in the OFL agree with an amortization period to bring it up to a level, almost like an insurance plan, to help the workers out there. I have a lot of people in my community who have lost two thirds or sometimes all of their pension, and they've worked all their lives for these results that are, in our humble opinion, deferred wages. These are things that these people negotiated for over the years in good faith in their contracts. I imagine it's a big frustration for the OFL to see these legal agreements being broken with no alternative.

What would be your reaction to the broken agreements and the deferred wages? People get to 70 years old or 65 years old and find out they might have to work until they're 80. What do you think about that?

Ms. Terry Downey: We couldn't agree with you more. In fact, those issues came out last weekend at our pension summit. Certainly we want those changes made. All of the issues that you raised are included in our brief as to how those things can be changed.

Mr. Paul Miller: And you wouldn't be opposed to the NDP's plan for an Ontario plan as well to be added to the CPP plan?

Ms. Sheila Block: We really think that the best solution at this point would be to focus on an expansion of the CPP. We feel like we're getting some kind of success and some momentum in that, and that's really, nationally, the labour movement's focus in terms of addressing issues around pension coverage and in terms of actually trying to ameliorate some of the problems that are associated with single-employer plans, but also with the vast majority of Ontarians who have no pension plan and who are required to save on their own.

We really believe that the economies of scale, the coverage and the risk sharing are something that would be extremely important and would be a very workable and practical solution to some of the issues that you're raising.

Mr. Paul Miller: We agree.

The Chair (Mr. Pat Hoy): Thank you.

Ms. Terry Downey: Thanks very much.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

MULTI-EMPLOYER BENEFIT PLAN COUNCIL OF CANADA

The Chair (Mr. Pat Hoy): Now I would call on the Multi-Employer Benefit Plan Council of Canada to come forward, please. Good morning. As you've heard, you have 10 minutes for your presentation. There could be up

to five minutes of questioning. Just identify yourselves for the purposes of our recording.

Mr. Thomas Levy: Hi. I'm Thomas Levy.

Mr. Cameron Hunter: I'm Cameron Hunter.

Mr. Thomas Levy: We're here today as board members of the Multi-Employer Benefit Plan Council of Canada, MEBCO for short, which is an organization that represents the interests of multi-employer plans. Those are the plans in the construction industry—you heard this morning from the multi-sector plan—where what happens is that labour and management negotiate a fixed contribution to the plans as part of their collective agreements and then a board of trustees takes this fixed-contribution income, invests the money and decides what the benefits will be. But unlike single-employer plans, there is no ability, if 2008 happens, to go back and get more money from the employers. The variable, the target, as you heard earlier, is, rather, the benefits have to be reduced; that's the only mechanism you have to deal with an event like 2008. In that model, when more is given to some groups, there is less available for others.

Starting specifically with the comments on page 2 of our presentation, full, immediate vesting is perfectly reasonable, and we are generally supportive of it, but when you say that the people who work temporarily or come out of high school and try carpentry for a year and don't like it and leave have to get a pension or have to get some money towards a pension, you are also saying there will be less available for the people who work to 65 or the people who are already retired.

0940

We're in an environment after 2008 where some of these funds, first of all, have lost a substantial portion of their assets—this has happened to almost all pension plans in Canada—and therefore are faced with reducing benefits. Also, employment is down, so contributions are down, because contributions are \$2 an hour or something like that. To compel a plan like that to have immediate vesting is to compel a larger reduction in benefits for the people who stay until retirement. So we believe that Bill 236 should be amended to allow multi-employer plans the option of retaining the existing vesting just as that option is there for grow-in, and it's really for the same reasons: if you provide mandatory grow-in to a multi-employer plan, you're benefiting the person who's 40 with 15 years of service at the expense of the 80-year-old who's retired or the 65-year-old who's trying to retire. That's a very different trade-off than an employer perhaps paying an additional amount.

So we think multi-employer plans ought to have the option to keep the current vesting rather than being compelled to give people who only work, say, a year in an industry a portion of the plan's assets so that they're not available for those who actually retire.

Bill 236 reinforces a requirement that's in the existing act that says plan documents have to be available at every workplace. Think about what that means in the construction industry. You have companies coming in and out of Ontario for construction projects almost on a

daily basis. You have people moving from employer to employer on a weekly basis as one project is done and they move on to the next. It really isn't practical, since the employers are changing all the time, to say that every work site has to have the documents.

A possible option, but one we think has some different risks, is to require that all the local unions have sets of the documents. What we've learned happens in that situation is that people go to their local union, and we've taught the local unions to send them to the fund to get their information. If they get the plan document, they're going to sit down with the people at the local union, often get the wrong information, and act on it. So we think that in the multi-employer environment, again, it's a fine idea to have documents available everywhere, but in terms of a minimum legal requirement, we think people ought to be given clear direction as to how to reach out to the fund to get accurate information. Too often, when it's provided by employers or local unions, neither of whom have anything to do with the plan design, they get wrong information.

The third is, as you've heard, the target benefit concept for these plans means that you can reduce benefits if that's what's necessary given what's happened on the investments or employment or some of the other risks. That's what many plans in Ontario are currently faced with. Certainly, plans often give advance notice voluntarily, but the current section 26 says that for multi-employer plans where at least half of the trustees must be member representatives, they are not compelled to give advance notice. We would like to see that existing provision continued rather than repealed. The example is the operating engineers and the heavy equipment and crane operators were forced to cut early retirement benefits after the 2001 market crash. They did give advance notice; there was a rush to the exits for people to beat the cuts out the door, which was the intent. It meant bigger cuts. It also meant, for example, that the ROM construction was left without a crane operator, so there were some very significant effects on employers because of what was happening on the pension side.

Finally, presently for multi-employer plans under the SOMEPP moratorium on solvency funding, full funding on a windup basis is not a target, and we'll be happy to talk to you, as the multi-sector plan people did, about why solvency doesn't make sense for these plans—that is, you can't improve benefits security by cutting benefits.

What happens is, the people who leave and take their money as a transfer value get 100 cents on the dollar, and those who leave their money in and those who continue working may get less than 100 cents on the dollar. We think the concept of treating the people who leave and take their money out—and often don't use it for pensions—better than the ones who leave their money in or are still working and use it for pensions is misguided for multi-employer plans, and we would suggest that the bill be changed to permit that.

I think, in response to Mr. Barrett or Mr. Miller's question, nationally, there are some 400 plans like this. The ones we have as members have on average 400 employers each. There are a total of something like a million and a half people nationwide who are covered under these plans. They are a major part of the pension industry and they provide pensions to a lot of people who otherwise wouldn't have pensions.

These are joint recommendations, union and management. They don't have a financial impact on the province because the contributions are fixed. We would suggest these changes be made.

The Chair (Mr. Pat Hoy): Thank you. This round of questioning goes to the government. Mr. Arthurs.

Mr. Wayne Arthurs: Gentlemen, thank you for your presentation this morning. It harkens me back a little bit. My father retired from the construction industry, so I was always interested, and have been interested more of late than earlier, in the provisions of his rather modest pension, having worked in the industry for a great number of years, out of school as a very, very young man and having stayed in the industry as long as he reasonably could. My recollection is that his pension plan was a time-limited plan, if I recall. It was 15 years, and it kind of wrapped up at that point in time. The trick was, I suppose, to be around long enough to collect the pension and not so long afterwards that you couldn't afford to sustain a reasonable lifestyle.

As a result, I'm interested in a couple of things. One, I'm interested in any comment in respect to the size and scale. I think there were some plans with up to 400 employers on average in each, and 1.5 million employees nationwide?

Mr. Thomas Levy: Yes.

Mr. Wayne Arthurs: Maybe a comment on that in the context of 400 employers per plan: How many plans might there be, roughly?

Mr. Thomas Levy: Also about 400 nationally.

Mr. Wayne Arthurs: Okay, so 400 times—

Mr. Thomas Levy: There are 85 registered in Ontario, which means that the largest number of members is in Ontario, and 400 nationwide.

Mr. Wayne Arthurs: Okay, and about a million and a half employees nationwide?

Mr. Thomas Levy: Yes.

Mr. Wayne Arthurs: And one would extract down from that on a population base to come up with some reasonable number as to what that might mean for Ontario—probably about a third, I would guess; a little better than a third, probably?

Mr. Thomas Levy: That would be a reasonable estimate, sure.

Mr. Wayne Arthurs: Okay, I would get an estimate, anyway. On this issue of the vesting requirements, obviously, there's a certain interest in ensuring that the benefit plans, the pension plans that are in place to protect those particularly who are in the industries, construction in particular, for long periods of time, ensure

that they can capitalize on those contributions over that period of time.

Can you comment—or refresh me, because refreshers are always good, even in a five-minute period—on your recommendations around this issue of vesting and the impact it has on the long-term employee, i.e., the potential for reduced benefits to those who stay in the industry?

Mr. Cameron Hunter: Yes. The issue really is, the employment contract is through a union, typically, and there are a large number of workers that would work, say, for the summer as teenagers; it's a summer job. The union's collective agreement requires that when you go to work, pension contributions are remitted to the plan.

In addition, as Tom said earlier, there are people who go out and try it. They try a trade; they try to be a plumber or a carpenter. They do it for a short period of time, say, up to a year. They decide, "Do you know what? That's really not for me." The collective agreement requires the contributions to go in.

Those people aren't really in the industry; they're not working. Their money, if immediate vesting was imposed, would serve to go to them, be paid to them and used for the short term, not as a long-term retirement savings vehicle. Under the current arrangement, because of the two-year vesting, it allows the money of those people who fall into those categories to benefit the people who are in the plan as a whole. In fact, the reason that the collective agreement is structured that way is for the people who are there long term, for their benefit.

0950

Mr. Wayne Arthurs: Thank you. Thank you Chair, as well.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

POLICE PENSIONERS ASSOCIATION OF ONTARIO

The Chair (Mr. Pat Hoy): My understanding that the 9:45 is in traffic but trying to get here as quickly as they can, so I'll move to our next presenter, the Police Pensioners Association of Ontario. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I'd ask you to identify yourselves for our recording.

Mr. Paul Bailey: Thank you, Mr. Chair. My name is Paul Bailey. I'm the president of the Police Pensioners Association of Ontario. I'm a retired police officer. I also receive a pension from OMERS.

With me today is Richard Metcalfe, Secretary of the Police Pensioners Association and also a retired police officer and member of OMERS. Because we are bumped up a little, Mr. Art Lymer, president of the Metropolitan Toronto Police Pensioners Association, may come in while we're talking.

We join with the Association of Retired Professional Fire Fighters of Ontario and the Police Retirees of Ontario in putting our view forward. We represent

approximately 10,000 retired people, the bulk of whom are in OMERS, but some are in older plans that predated OMERS: Those are in Ottawa, Hamilton and also in Toronto.

Members of the standing committee, we are very pleased that our association was given the opportunity to appear before this committee. We wish to reinforce the views we shared with you on Bill 206, OMERS autonomy, and the Expert Commission on Pensions, chaired by Mr. Harry Arthurs. We reviewed the technical backgrounder which was released by the provincial government and would respectfully provide you with our views.

I would like to start my comments with increased transparency and access to information for plan members and pensioners. The definition of a "retired member" has been a difficult and acrimonious issue for retired members in the OMERS plan. The Pension Benefits Act defines a "former member" as "a person who has terminated employment or membership in a pension plan and ... (b) is in receipt of a pension payable from the pension fund."

In our presentation before the Expert Commission on Pensions, we strongly opposed this definition and recommended the definition be changed to properly reflect the value a retired member brings to this plan. We have never considered terminating our relationship in our pension plan. Retirees and widows receiving a pension are plan members for life. We support the amendment that retired members will be defined separately from former members. In the new legislation, the term "retiree" is used throughout the act, but is particularly relevant in the provisions that govern access to information and advisory committees.

We understand the government's definition of a retired member is an individual who has terminated the employment that relates to the pension plan or has terminated membership and—I'm not going to read them, but it lists the conditions that we feel are addressed in the act to go along with the definition of a retired member.

A former member under the new act is an individual who has terminated the employment that relates to the pension plan or has terminated plan membership, is not a retired member and is entitled to a deferred pension payable from the pension fund or is entitled to receive any other payment from the pension fund.

Further, we understand the act now states "an individual who was a member of a pension plan and who has transferred an amount" under the portability provisions of the act "is neither a former member nor a retired member."

We support the amendment that provides the rights for retired members to participate in pension advisory committees and receive prescribed information about our plan. We support the advisory committees that allow all stakeholders, including retirees, to participate on these committees. We submit this is key for retirees in supporting future pension initiatives. This also complements

the increased transparency for all plan members suggested in your technical backgrounder.

We support the provisions of the act that provide for the establishment of a pension advisory committee on a vote of the majority of the members and retired members. Former members are not included in this process. Upon receiving written notice from members or retired members of their intent to establish a pension advisory committee, the co-operation of the plan administrator will be required. In the case of OMERS, the administrator will be required to assist in the establishment of the committee, including providing information about active and retiree members. Active members will continue to have the ability to appoint at least one representative for each class of employee in the plan. Retired members may have at least two appointed to the committee.

In our opinion, this is where the legislation fails retirees. Given that the establishment of a pension advisory committee is left to the determination of the active and retiring members, clearly retirees in the OMERS plan will never have the opportunity to become members of the pension advisory committee. OMERS does not support the creation of the committees.

Why retirees oppose the current language provided in Bill 236 is fairly simple: OMERS offers another position, one we don't support. OMERS opposes the establishment of these committees. OMERS expressed concerns that the legislation will allow for the distribution of members' and retirees' addresses to persons wishing to form such a committee. Further, they argue that the original expert commission made recommendations to have both multi-employer pensions and jointly sponsored pensions fully exempt from having such advisory committees. The PPAO argues that the current privacy legislation would protect and prohibit the distribution of members' names and addresses as suggested by OMERS in their paper.

OMERS' other reasons included the fact that the pension advisory committees should not apply to them because they are already jointly governed by member representatives, which is true.

Further, these plans have extensive memberships: In the case of OMERS, the plan has approximately 250,000 active members and just over 100,000 retired members. In the OMERS plan, 100,000 retirees have only one voting member on each corporation yet account for over 35% of the plan membership. This unfair representation of retiree members would be further disadvantaged if the legislation allowed these pension plans to be exempt from these committees. We feel this is a very important issue for us.

We strongly urge the government to make these committees mandatory for all pension plans. Consultation with stakeholders, including retirees, is essential to ensure their rights and privileges are protected.

The PPAO and other retiree groups have been requesting increased fairness in representation on both the sponsors corporation and the admin corporation at OMERS since the introduction of Bill 206. So far, no one

has listened. We strongly urge the government to listen to the voices of hundreds of thousands of retired citizens and allow more representation on pension boards.

We support the amendments that the plans would be required to give all members, including retirees, information about the funded status of the plan and so on. We support the amendment that the plan administrator and regulator provide copies of specific documents, electronically or by mail, on written request. We would also recommend that those responsible for providing this information be required to provide costs associated. Quite simply, sometimes if information is requested by a smaller group like us, and there's a cost attached, it would be beyond our means to pay it.

Under current rules, notice of an adverse amendment must contain a statement which invites comments to be provided to the administrator and the superintendent. Under the new legislation, it is not clear if this invitation will continue to be a requirement of the broader advance notice requirement, as the content and timing of this notice is prescribed by regulations. Regulations can completely change the intent of what the proposed legislation means.

Why do we seek clarification? As you may be aware, OMERS has a significant deficit: approximately \$6 billion. OMERS has only two proven methods to reduce this deficit: (1) raise contribution rates for active members and (2) reduce benefits. Given that the active members are already paying high contribution rates, the alternative may cause the sponsors corporation to reduce benefits regarding future retirees by reducing or eliminating and—it's very important—on a temporary basis, indexing. This discussion will likely take place later this year, but the implications to employees and employers are significant. Full and frank discussions must happen before this takes place, not after. We believe that the plan must notify stakeholders, including retirees, of any proposed changes to the pension plan and that the notice should include acceptable time frames to ensure that the consultation process is fair, open and timely.

Under enhanced oversight, we support the amendments. It's imperative that the superintendent be granted the power to issue interim orders in certain specific cases.

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Phased retirement: We do support it. The way we interpret the act, phased retirement would be offered to—and I've listed the five key places where I see the legislation provides for it. The legislation then provides that during phased retirements, the member and the plan are subject to other provisions and regulations. We support the comments made by OMERS regarding phased retirement. OMERS feels the proposal is "unduly restrictive" and makes the following comments—I won't read them; they're there before you, but OMERS is asking for more flexibility and to be able to offer these plans.

We do have concerns that the potential for increased costs associated with managing these phased retirement initiatives may negatively impact the overall costs

associated with the administration of large plans. We respectfully suggest that the issue of phased retirement provisions could be just one of many important initiatives that could be subjected to consultation and review at the pension advisory committee.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Paul Bailey: We support the argument based upon restructuring that is placed in the background.

Clarify the benefits of plan members affected by layoffs and eliminate partial windups.

We'd offer comments on the issue of grow-in with multi-employer and jointly sponsored plans.

I'll let you read the rest because my time is up. I think the government has made, in my opinion, a very good plan, or effort, to address the concerns that we brought to Bill 206 and to Mr. Arthurs at the expert panel. We're not asking for more power; we're asking for improved fairness and being an equal partner in the pension world.

The Chair (Mr. Pat Hoy): Thank you. For the committee's notice, they've asked to—no, I guess—

Interjection.

The Chair (Mr. Pat Hoy): We're okay with this now, aren't we? Okay then, to the official opposition.

Mr. Norm Miller: First of all, you were rushed at the end of your presentation, so if you want to just finish your point you'd like to make, and then I think Mr. Barrett has a question to begin with.

Mr. Art Lymer: My apologies. I'm still catching up with what he's going to say. I apologize for being late. I thought I was 10 minutes early. You must be ahead of yourselves.

Mr. Norm Miller: We are early.

Mr. Paul Bailey: The grow-in benefit seems to be a big issue. You'll notice that I put in there that, back in 2008, the Nova Scotia energy union had problems with it, and why they had problems with it was they talked to the review panel about what the big things are, and all of a sudden they popped this grow-in issue that threw the union completely offside. What we're suggesting is—the grow-in is not going to affect us—make sure you understand what the parameters are of it and make sure that the unions within the OMERS family and other pension plans understand what the impact will be on them. Certainly, we're not here to dictate to active members what they want or should want, but we are concerned that if it isn't done properly, we'll get into tremendous litigation issues—and we just finished one at the financial tribunal last month. They're hugely expensive, and if we can avoid that, it's a better situation for all the stakeholders.

Mr. Norm Miller: And as I understand it, Nova Scotia and Ontario are the only two provinces that have grow-in benefits, and Nova Scotia has contemplated doing away with them. At this point, Ontario has gone a different route.

Mr. Paul Bailey: Well, in OMERS's case—they've never been a factor in OMERS. The grow-in benefits have never been offered by OMERS in their history, but

because of new legislation and reform, there may be advantages to unions to advocate this very strongly, as they did in Nova Scotia.

Mr. Norm Miller: I know Mr. Barrett had a question he wanted to ask, so we'll go and see how much time we have left.

Mr. Toby Barrett: Just briefly, I hear what you're saying with respect to advisory committees and the importance of consultation, and I assume that most retirees maybe don't have the interest that you do in where their money is sitting and what's going on and may not have known about the \$6-billion deficit—I didn't—and so maybe that's traditional. But the world has changed and demographics are changing, and there are a lot more of us who should be more involved and should be participating. I guess my question is—and I know you were talking about OMERS—do they have an annual meeting that people can attend?

Mr. Paul Bailey: Yes, they have stakeholder meetings around the province where they have a PowerPoint presentation and they give the funding status of the plan and the initiatives and bylaws, but the advisory committee is a little bit more than that.

Back in Bill 206, they tried to say that the advisory committees would only be for active members and retirees who were left out. I see the advisory committee as a useful tool for the plan sponsors as well to gather intelligence, to understand what's going on, to understand the feelings of the people that are represented by the plan, instead of just saying "We're arbitrarily doing this, and thank you for your input." We want the ability to contribute to our plan.

OMERS has a tremendous pension plan there. It's well managed, we support them entirely, and we're pleased to be in it.

Mr. Norm Miller: Just on the same topic, I've met with people involved with different pensions that have expressed the concern that they just can't find out the current status of the pension. I was surprised by that. I would have thought that if you're receiving benefits, that should be a requirement, and that those retirees—I may not get the language correct—should have a right to know if their pension plan is solvent, and just what the status is.

Mr. Paul Bailey: Well, the other thing too—I mentioned this shortfall of money. Don't take it to mean that OMERS is in financial trouble; it isn't. When OMERS went into a surplus, they went up to 125%, and then they started down. It doesn't stop at the 100% mark, it goes below it. It's like a runaway train, and it's got to come back up. So there's a period of time where, over a period of years, they'll have to find ways through a solvency evaluation to pay back the money to the plan. We want to be part of the process, not to obstruct it but to offer useful ideas and be part of the family.

As you know, baby boomers are moving through the system in a big way. Seniors' demographics are huge and they're getting bigger every day. We're all living longer because of medical breakthroughs and so on—well,

women are living longer than us guys, but maybe we'll catch up.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

UNITED STEELWORKERS UNION, LOCAL 1005

The Chair (Mr. Pat Hoy): Now I call on the United Steelworkers Union, Local 1005, please. You have 10 minutes for your presentation, and there could be five minutes of questioning following that. Just identify yourself for the purposes of our recording, and you can begin.

Mr. Rolf Gerstenberger: My name's Rolf Gerstenberger. I'm the president of Local 1005, United Steelworkers, the union that represents the old Stelco plant in Hamilton, which is now owned by US Steel. We have about 850 active members and 9,000 pensioners involved in our pension plan.

I've presented a package; this is what we've been talking about for the last year as far as our concerns with the pension arrangements in Canada and, in particular, in Ontario. So basically, I would like to raise that we have grave concerns.

We have a defined benefit plan at Stelco—we'll call it Stelco. It's been in existence since 1956, and it's governed, as all of you know, by the Pension Benefits Act. Our concern is that all of these plans are under attack and that there's pressure on the provincial government and the federal government to change the regulations and the law as far as how defined benefit plans are regulated.

As some of you may know, we've had a long and, in my opinion, negative experience with the Pension Benefits Act, in particular the 5.1 election, which now has been removed. In the 1990s, the companies that were too big to fail were given the option to opt out of making their solvency payments. Stelco was one of those companies that took advantage of that in 1996. Even though the union protested, they had the legal right to do it. We went to the labour board to oppose it, and we were basically told, "Why are you protesting? Nothing's happened to anybody at Stelco yet."

1010

Unfortunately, a few years later, they filed for bankruptcy protection. One of the reasons they gave for why they should be given CCAA bankruptcy protection was that there was a huge deficiency in the pension plan, caused, in our opinion, by them not making their solvency payments.

Unfortunately—or, let's say, fortunately—they got out of bankruptcy. Our pension hadn't been touched. But then there was a special arrangement made for the new Stelco, which US Steel Canada now is taking advantage of, where they have 10 years of very limited payments. They had five years of \$65-million payments and five years of \$70-million payments. That, in our opinion, is

going to cause a huge problem in the US Steel pension plan in 2015, when that special arrangement ends.

One of the reasons I'm here is to express our concerns that all these provisions—in particular, one of them is the 10-year solvency funding rule, which seems to be where both the federal and provincial governments are going—sound fine, and they're being presented as, "This is to give the companies a break. Times are difficult," and all that. But at the end, what's put in jeopardy are the workers, because if something happens to the company in the middle of the 10-year funding special provision, it will be the workers. If the company decides to file for bankruptcy or go bankrupt, again, the workers are the ones who are going to be left high and dry, à la Nortel, the most recent example.

We're very concerned that what was originally put into this bill in 1987-88 to protect workers in case companies went bankrupt—this principle is being forgotten, under the excuse that, "We have to ensure that all these companies are viable and survive." It's then the workers who are being—their pensions and their retirement security are being jeopardized.

Anyway, one of the main reasons that we asked to speak here is that we don't agree that the workers' retirement security should be potentially jeopardized.

We've been following this a long time—since 1997, actually—because of what happened with our plan at Stelco. We would like these laws strengthened, because the objective of any pension benefits legislation should be, first and foremost, to protect the income security and retirement security of the workers. Everything has to be geared towards that. What we're concerned about is that that's going to be put on the back burner. I think, really, that's my main reason for coming here and addressing the gathering.

I'd like to also apologize for coming late. It's not my fault. I read in the paper that the worst traffic delays in the world exist in Toronto. I thought an hour and 45 minutes was going to be enough to do a 45-minute drive, but I was off by 15 minutes.

Those are basically my comments. As I said, a lot of the background in what we've been dealing with are in this document.

The Chair (Mr. Pat Hoy): Thank you very much. The questioning goes to the NDP.

Mr. Paul Miller: Thank you for your presentation, Mr. Gerstenberger—president of my former local, and a proud steelworker myself. Obviously, I'm concerned about the pension situation as well.

I guess I would like to expand on your comments about the PBGF. As you know, our party had made recommendations before Mr. Arthurs came out with his report to raise it to the \$2,500 monthly level. I'd like to get your feedback on whether you feel that that would be an acceptable level.

They obviously want to amortize it over a period of time. How do you feel that will impact on your membership?

Mr. Rolf Gerstenberger: Obviously, the thousand-dollar PBGF guarantee has been around for a long time, so the pensions that our workers have right now, the \$1,000—there's probably half of them that would protect, and then the other half, the recent retirees, wouldn't be anywhere near protected, so I am not opposed to it being raised.

The only problem is that without some provision or some legislation to say that that has to be there, the \$2,500 or even the \$1,000—because the problem is after certain big bankruptcies, there's no money in the fund. I guess there's a certain levy that goes on to each company that has a defined benefit plan into this fund, and it's only if there's a certain amount of money in there to cover it that people will be covered. If it's not here, then they're left high and dry.

The \$2,500 is fine, but there also has to be a different way of funding it. If it means anything, then you should get it no matter what, if that's the principle. Again, I agree with the principle that workers' pension income should be secured—not just ours, but everybody across the country should be entitled to have a decent retirement.

Mr. Paul Miller: Thank you. You also touched on the 10-year period for the payback of US Steel's obligations, which they agreed to when they took over Stelco. You feel that that could potentially be in jeopardy depending on the economic conditions for the company and the position they're in globally or in a recession situation. What do you feel is the safeguard that should be put in by the federal government and the provincial government to make them live up to their obligations in case of a partial windup of the pension plan or things that could potentially happen?

It's my understanding that your pension plan is approximately 58% funded at this time, which is a scary thought. What's your view on that?

Mr. Rolf Gerstenberger: After coming out of bankruptcy, the provincial government loaned the new Stelco \$150 million at 1% interest. Unfortunately, with that money, what the new Stelco did is they bought up all the new shares and then sold everything for \$1 billion and left the country, left town—Rodney Mott and Tricap and all that. That billion dollars that they left with could have been used to bring the pension plan up to a better ratio of solvency, transfer ratio or whatever. That wasn't done, so now with the last crisis—you were right; we went from 70% funded to 57%.

The problem is that we also have a lot of workers now who have decided to retire who are quite young, so in the next actuarial report, there will be a huge extra unfunded liability that isn't going to be paid because of the special funding arrangement. That's why I said that in 2015-16, there's going to be a big problem.

The other problem is that they'll have a huge payment due in that period, so we're concerned, just with the way a lot of these companies are operating, that at that time, they may decide to file for CCAA in Canada or something like that and there'll be no protection for us

because of all the special funding arrangements that are made.

Mr. Paul Miller: Thank you. I'm just trying to get my last question in. The last concern that might be important is the fact that the companies in North America are moving in the direction of contributory plans, which is obviously a threat to defined pension plans. I'd like to get your opinion on that.

Mr. Rolf Gerstenberger: Well, the problem with any contributory plan—they're savings plans. It's interesting because I've included one or two articles in there. What these savings plans are is really, there's no guarantee at the end of anything. If the market happens to be great, well, you'll get your savings when you have to retire. If it's not, then who knows what you could get?

I have friends in Dofasco who were going to retire last summer. Now they have to put it off because their contributory fund has taken a huge hit. If they had retired, they weren't sure what was going to happen at the end after 10 years or whenever their money ran out.

The defined benefit plans—why we appreciate those plans is that you're going to get that until you die, which is what everybody in the country wants: I have this much to live on. I don't believe that our retirement income should be at the whim of how well the market's doing. We're not playing the market; we're trying to live a decent retirement, and that shouldn't have to be put at risk, depending on what speculators or credit default swaps or other financial shenanigans are going on.

Mr. Paul Miller: My last question is that—

The Chair (Mr. Pat Hoy): Oh, we're out of time.

Mr. Paul Miller: We're out of time? I'm sorry. Okay.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Rolf Gerstenberger: Thank you very much.

The Chair (Mr. Pat Hoy): We will recess until five to 2.

The committee recessed from 1016 to 1400.

ONTARIO PUBLIC SERVICE EMPLOYEES UNION

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order for our afternoon session.

I would ask the Ontario Public Service Employees Union to come forward. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning after that. I would ask you to identify yourselves for our recording Hansard, and then you can begin.

Ms. Patty Rout: My name is Patty Rout, and I'm the first vice-president/treasurer of the Ontario Public Service Employees Union.

Ms. Isla Carmichael: And I'm Isla Carmichael, on staff and specializing in pensions at OPSEU.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Patty Rout: I want to thank you for giving us the opportunity to speak to you today. As I said, my name is

Patty Rout and I'm the first vice-president/treasurer of the Ontario Public Service Employees Union. We have handed you out a copy of our submission on Bill 236, An Act to amend the Pension Benefits Act. We have also included a smaller submission on behalf of our paramedic division.

On behalf of the OPSEU membership, I would like to make the following points that are illustrated in our brief.

My first point is about our existing retirement security system. Under 40% of Ontarians and Canadians have a pension plan. That means that over 60% have to rely on the public system of the Canada pension plan and on other social security programs. Yes, the CPP has done a good job in the past of rescuing those seniors who have the least money, but the future is another matter. Living on \$14,000 a year is not going to work for seniors in the future.

We also have some very good pension plans in Ontario, and these are primarily the public sector plans like HOOPP, OPTrust, OMERS and the teachers' pension. We need to build on our strengths. We could make use of our larger plans by broadening their scope. The government has facilitated that with some of the plans, but not all. We believe a better public system—an expanded CPP—is a good bet. We are pleased that the provincial government is working with the federal government, because the federal government certainly needs to be persuaded that there is indeed a problem with pensions.

My second point is about split pensions in the public sector. In the past, the governments of the day have divested large groups of public sector workers without any regard for the effect of the divestment on the pensions. It's one thing to be divested; it's quite another to lose your pension. Why not allow and enable portability, rather than have members have two or more split pensions which will never have the value of all those pensionable years? Split pensions are not good pension benefits. These members who have lost their pensions need help, and OPSEU thanks the government for addressing this terrible injustice and giving the super-intendent more flexible powers to intervene.

I'll give you a couple of examples of our members and what has happened to them because of the split pensions.

Member D.C. has contributed to the HOOPP plan for 25 years. The average best five years of salary is \$38,000, resulting in their HOOPP pension plan being calculated at \$19,000 per year. After the divestment of the ambulance services to Simcoe county, D.C.—that's the member—made contributions to the OMERS plan for the next 10 years. The best five years of salary since being divested is averaged at \$92,000, and those contributions were made to the OMERS plan for 10 years. This resulted in an OMERS pension of \$18,400 per year. Combined, that became \$37,400. However, if Bill 236 allows for the transfer of pension from one plan to another, the D.C. pension—so D.C. is the member—will be \$64,400 per year, which is a staggering difference of \$27,000 per year for pension.

Similarly, our member B.L. has contributed to the OPTrust for 21.9 years. The average best five years for that employee was \$48,930. This resulted in an annual pension of about \$15,283. However, with the divestment of this individual, contributions for pension were then turned to the OMERS plan for a subsequent nine years. The average best five years was \$89,575. At retirement, their OMERS pension will be calculated at \$17,880 per year, so the split pension, taking the OPTrust and the OMERS, gives you a total of \$33,163 per year. However, if it was one plan, such as what is suggested with Bill 236, the pension would be \$62,703 a year, which is a difference of \$29,540.

We propose—you'll find this in our brief—that the government ensure that large funds negotiate agreements with the goal of remedying these past injustices. We must have strict time limits on this so that there will be a remedy for all our members harmed by split pensions. In the event that plans cannot reach a timely agreement, we insist that a decision be imposed on the plan.

My last point, my third point, is about the future. We must make good policy on asset transfers to prevent split pensions and ensure that members are not harmed by divestments. Workers, when divested, should be able to keep their pensions and have their pensions follow them into the community. This is very easy to accomplish administratively: Employers simply remit contributions to the originating pension plan. This means that we move away from the model of the employer-based pension plan to increase the portability.

We must build on our strengths in the large plans and not needlessly weaken our members' benefits. The large plans already have reciprocal agreements for individual members who move from one plan to another or one job to another, so let's extend this model to groups of members who are being divested.

Again, we need to ensure that the plans reach agreement in a timely manner and, if not, have some sort of settlement imposed.

I wish you well in your deliberations and thank you for your time.

The Chair (Mr. Pat Hoy): Thank you for the presentation. The questioning will go to the government. Mr. Arthurs.

Mr. Wayne Arthurs: Thank you both for being here this afternoon. Your comments, I think, are generally in support of the legislation but, obviously, with areas that you would like to see refinement in, and you encourage us to continue to engage the federal government in this broader discussion as well about retirement income adequacy, if I can use that big phraseology that we were using, in addition to discussions around pensions specifically.

My question, I'm going to keep it fairly short. You indicate that there's one area where the labour movement has a number of concerns, and that's the issue of phased retirement. You didn't have a chance, really, to touch on that in a substantive way in the 10 minutes of your

presentation. Can you comment on the concerns that you're expressing in regard to phased retirement?

Ms. Isla Carmichael: I can answer that. First of all, I think the trade union movement as a whole—and you've probably heard that from the OFL this morning—has a number of concerns about phased retirement, primarily the concern that phased retirement often becomes a benefit that few can access and few people who are chosen can access. I think the trade union movement, and OPSEU in particular, is anxious to take out that more arbitrary nature of phased retirement.

The Arthurs report recommended a study of phased retirement, and we would strongly support that before it's implemented. However, if the government intends to go ahead with phased retirement, then we would want it subject to collective bargaining so that we could ensure that there is fair access to something like phased retirement, which we anticipate that some groups of members would actually like to have. Others, of course, won't necessarily.

Mr. Wayne Arthurs: Thank you for commenting. Thank you for the presentation, the general support and the encouragement of the federal government and also for bringing very specific concerns you have about the legislation and giving us a chance to hear from you. Thank you so much.

Ms. Patty Rout: Thank you.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

CARP

The Chair (Mr. Pat Hoy): Now I'd ask CARP to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be five minutes of questioning. This time it will go to the official opposition. I ask you to identify yourself for our Hansard.

Ms. Susan Eng: Thank you very much. My name is Susan Eng, and I'm vice-president of advocacy for CARP. With me is Kim Hokan, who is responsible for government relations.

CARP is Canada's largest national advocacy organization for older Canadians. We are a national, non-partisan, non-profit organization committed to advocating for a better quality of life for all Canadians as we age. We have 300,000 members across the country, of whom about 200,000 are here in Ontario; 34 chapters across the country, about 18 of them are here in Ontario.

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The current economic crisis has exposed flaws in the current pension regulatory regime and the inadequacy of it to protect people's rights under existing pensions. It's also focused the attention of Canadians, realizing that they need to better prepare for their own retirement and then, of course, recognizing the absence of a universally accessible savings plan to do so effectively.

CARP's proposals for pension reform consist of three parts: First, that there be a reform of the existing pension regulatory regime to rebalance the interests of employers

and employees; to prevent the underfunding and insecurity of existing pension funds, including a governance rule for members and retirees; and, with a faint hope, the potential to encourage more employers to establish workplace pensions.

As for a supplementary retirement savings vehicle, especially for those without workplace pensions, there are many options that have been reviewed, including increasing the CPP. Our focus is on a supplementary plan focusing on a mandatory, universal, affordable plan that will provide adequate income replacement and be sustainable and independent of any particular employer. We would of course reinforce the government's call for a pension summit at which knowledgeable representatives of retirees have a seat at the table.

I also want to bring to you today some of the views of our members. We issue a newsletter twice a month and we have 85,000 opt-in subscribers—again, a goodly number of them are in Ontario—and we include a survey about advocacy priorities. Regularly, we get 2,000 to 5,000 people responding, sometimes overnight and certainly in a matter of days. All the respondents are over the age of 55, the majority over the age of 65. They are retired, they have a strong conservative bias, big and small C; 70% of those respondents themselves have indicated they feel that they themselves are well looked after in retirement. Their recommendations are really advice for the future and they want us to take the benefit of their experience. So we do ask them about what they think needs to be done to improve the situation for existing pension plans and also for those who don't have pension plans, and I've provided copies of the survey results for you.

We've asked them to respond to the kinds of proposals that have been made federally and that are out there, including increasing the surplus limits, limiting contribution holidays, and whether or not the CPP can be a safe haven. In each case, they felt that increasing the surplus limit was a good idea, except they didn't think any employer would actually do it. They thought that limiting contribution holidays to a situation in which there was a 5% surplus was a good idea, except a large majority of them felt that there shouldn't be any contribution holiday at all. They believe that there should be a safe haven, but not necessarily to CPP, for failed pension plans. They had strong support for the protection of pensioners in the event of a bankruptcy; that's shown very much in all of the polling.

For those without workplace pensions, strong support for improving the CPP, strong support for improving OAS and GIS, and here in Ontario, GAINS, and there's strong support for a supplementary plan. Only 3% or 4% thought that the status quo was just fine.

Bringing our attention now to what Bill 236 actually deals with in this case, many of those issues that I've identified as priorities for our membership are not in fact addressed in Bill 236 and we look forward to phase 2 of the government's bills in relation to pension reform in order to address those issues. However, the bill does do a

few things that we think are positive, rebalancing the interests of employers and employees. A number of provisions will better reflect the more mobile workforce that we are seeing and ensure better pension coverage. This includes immediate vesting, growing benefits. We actually support phased-in retirement. It will be especially important for older workers who face caregiving responsibilities and maybe change of career potential, and in those cases a phased retirement scheme that works properly will be to their advantage, but I take the point that maybe there are complications and limitations to their participation.

The enhancement of the security of their pension benefits is where they have the most concern. The additional valuation is a good idea but the problem is that despite it possibly triggering a deficiency funding requirement, it's of no value when the company itself is facing bankruptcy. So these are things that we have seen before, and they require us to move back on the time scale to make sure that during the ongoing operations of the fund, there are rules in place to prevent things that create an instability, including contribution holidays, proper annual valuations and required full funding of deficiencies rather than, as in the public discourse now, an extension of the time to allow the companies to fund their deficiencies.

We also believe that there should be a governance role for members and especially retirees. At the present time, they're referred to as former members, so we of course applaud the redefinition of them as retired members, giving them a particular and specific role in the governance and pension advisory committees.

The ability to receive timely information will be extremely important, and getting timely information of everything that's being done, not just when there is an adverse amendment. However, getting information, while important, does not give them any kind of mandate for governance. They can't, for example, indicate whether or not certain types of investments, investment structures or compensation structures are appropriate for people who want more stability rather than a huge amount of growth in the pension fund. So their interests are often sub merged in favour of the active members, who have a different interest. The liability of many funds is actually more weighted in favour of the retired members rather than the active members, and yet they have no proportionate level of input to the governance of the organization. I think that it's very important that in any kind of adding of the role of retired members, they be given a direct governance role as well as the ability to receive information.

As a final note, we support the Premier's call for a national pension summit in 2010—it's good to put a deadline—to discuss retirement issues, but not just to discuss them: to actually get on to the path of considering the changes that must be made to improve retirement security for all Canadians. Right now in the public discourse, there's actually debate as to whether or not we have to do anything. We want the conversation to get

beyond that. Our members have already indicated that the status quo is absolutely not an option and would want to be fully represented at any pension summit table.

Thank you very much.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you very much, Susan, for your presentation today. I guess I'd start by saying that I've met with retirees who are concerned about the information they get on the plans they participate in and their ability to participate in the pension advisory committees. We had a presenter earlier in the day who talked about definitions as well: "retired" members versus "former" members. I gather you're in favour of these retired people being able to participate in these advisory committees. Do you have any other thoughts on that issue?

Ms. Susan Eng: My main point is that renaming them I know has influence, and that's good, but we can't stop there. It's very important that along with the name change, there is a real shift in their ability to participate in the governance of the plan. Part of what has taken us to this point in the pension crisis that we have faced of late has been both investment decisions and the pressure from employers to push valuations so that they're not making the necessary contributions or funding the deficiencies in a timely manner. The types of investments that pension funds get themselves into, which may be too risky for retirees, may be relevant for active members. These kinds of checks and balances need to be there. Retired members need to have an effective role and voice in such discussions.

Mr. Norm Miller: Have you looked at Bill 236 to see whether the provisions satisfy what you'd like to see?

Ms. Susan Eng: They don't. In fact, what they do is rename people, which is already very good; they give them the right to get timely information—all information, not just the adverse amendment information, so that is in and of itself good; and they have the right to participate in the pension advisory committees, not governance committees. Without the additional role of actually having a role in negotiating how the plan is operated and how its investments are made, I fear that the name change will be inadequate.

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Mr. Norm Miller: I know some of the people that I met with couldn't even get information. They were given privacy concerns as to why they were not allowed to be shared the information, which quite surprised me, given they were the ones who had worked their working lives to contribute to it and also were the ones depending on it as well.

Ms. Susan Eng: It was not perfectly clear that this legislation would actually override those privacy barriers that were used before, but I think that the intention of this bill is to try to make sure that, despite the previous barriers or possibly excuses, retired members would in fact get that information.

Mr. Norm Miller: If you have any specific amendments—perhaps they're in your package here; I'm not sure—but if you do have any, I'd just encourage you to get them to me, and I'd be pleased to look—

Ms. Susan Eng: We'll try to, but we're not really experienced in legislative amendments.

Mr. Norm Miller: Or even just what you'd like to see, and we'll try to get the Legislative Assembly legal people to draft something.

Thank you very much for this poll as well. I like the results I see, from a strictly partisan perspective—a poll taken on March 26 to do with the issue we're talking about: saving for retirement. It's clear that a great majority of your members think something needs to be done. I would assume that in terms of dealing with the issue, your first preference would be a national plan, either supplemental CPP or voluntary? Is a national answer better than a provincial one?

Ms. Susan Eng: The importance of national is twofold: one, to ensure that the plan is large enough to be sustainable and carry the efficiencies and economies of scale that we would recommend; the other is that people's benefits are portable. Those are the most important reasons to have it national—and of course uniformity is important. However, Ontario is certainly capable of creating a plan that is big enough and satisfies all of those economies of scale as well.

Mr. Norm Miller: Thank you very much for your presentation.

The Chair (Mr. Pat Hoy): And thank you.

TOWERS WATSON

The Chair (Mr. Pat Hoy): Now I call on Towers Watson to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning; it will come from the NDP. If you would state your names for our recording, you can start.

Ms. Martine Sohier: We want to thank you for this opportunity to provide comments on Bill 236's proposed changes. We will also take a few minutes to provide some comments on one of the aspects of the next phase of pension reform. My name is Martine Sohier, and I'm a senior consulting actuary at Towers Watson. My colleague Gavin Benjamin is also a senior consulting actuary at Towers Watson.

We'd like to start by mentioning that we welcome some of the changes proposed by Bill 236. We're very pleased that the asset transfer issues are being addressed. We would like, however, to reiterate the need to ensure that the transfer problems that arose as a result of the Transamerica issues are being resolved. We also appreciate the elimination of partial plan windups. We understand that new grow-in rules are being proposed as a trade-off for the elimination of these partial plan windups.

We would like, however, to express our concerns with the proposed grow-in changes. As one of the main goals

of pension reform should be to encourage the maintenance and expansion of pension coverage, including defined benefit plans, we believe that without any alteration, the proposed grow-in extension would operate counter to the aims of pension reform. The requirement to provide grow-in for involuntary terminations will increase costs in respect of pension benefits that have already been accrued unless they are compensated by legislative changes that decrease costs. Such a forced increase in costs is inappropriate in a voluntary pension system. There are fewer defined benefit plans that are being offered to Ontario workers year after year in the private sector, and only a portion of these plans are for generous early-retirement subsidies. Introducing the requirement to pay grow-in benefits to all involuntary terminations could impose considerable and unanticipated additional costs on many of these defined benefit plans.

Since there would be no corresponding financial impact on organizations that sponsor defined contribution plans or do not provide any form of pension coverage, the proposed requirements would effectively penalize defined benefit plan sponsors for the benefits they provide.

The provision of grow-in, based on the circumstances of termination of employment, will create uncertainty as to the pension benefits a member will receive on termination of employment. This is inconsistent with the principle that the pension deal should be clear to plan members and sponsors.

Further, the provision of different pension benefits depending on the nature of the termination will increase the number of potential disputes and litigation as employers try to provide these benefits.

However, we do not believe the aim justifies the provision of enhanced pension income. The needs of pension plan members for retirement income does not necessarily vary as a function of how a termination of employment occurs, and pension benefits should not vary depending on those circumstances.

As mentioned, if the goal of the proposed extension of grow-in benefits to all involuntary terminations is to compensate such individuals for the losses they sustain on termination, we believe that this proposal must be reconciled with the benefits provided under the Employment Standards Act.

It's not equitable to mandate that members of a defined benefit plan who are involuntarily terminated get a benefit in addition to ESA requirements but that members of a defined contribution plan or employees who do not have pension coverage do not.

We're having a presentation, so you can move to page 3 now.

If the government decides to go forward with the extension of grow-in benefits, we recommend the following alternatives be considered:

First, the use of the rule of 55 points is arbitrary. Many individuals who would qualify under this rule would not need to be compensated for a loss of employment

through a pension plan. In general, individuals who are, let's say, less than 50 years of age and could qualify under the grow-in provisions would have the ability to find subsequent employment. There is, therefore, no need to provide additional rights under a pension plan to these younger individuals.

An alternative to the rule of 55 points could be to enforce grow-in for individuals who are close to retirement. This could mean, for example, providing grow-in rights to members who are within 10 years of the unreduced retirement age under the provisions of their pension plan.

Another alternative to consider under the grow-in approach would be to allow employers to offset any amounts received as severance or termination pay in excess of the ESA minimums to reflect these in the grow-in benefits payable to involuntary terminations. Such an offset would reduce the cost burden this new measure would place on plan sponsors, and minimize the chance that members of defined benefit plans with early retirement subsidies will receive treatment that is substantially better than other Ontario workers in the event of involuntary terminations.

My colleague will now talk about the next phase of the reform.

Mr. Gavin Benjamin: Thanks, Martine. I'm going to start talking to page 5 in the handout.

We all understand, as part of the pension reform process, that the government is attempting to balance the needs of various stakeholders, including pensioners, pension plan members and plan sponsors, and this obviously involves some trade-offs.

Given the proposals contained in Bill 236, what I would like to do is spend a few minutes discussing an issue that we believe should be given careful consideration for the next stage of the pension reform process so that, in combination with the Bill 236 proposals, Ontario's pension reform package maintains an appropriate balance.

We realize that one of the options under consideration is the facilitation and possible encouragement of target benefit plans that are jointly sponsored. While we believe that innovation in plan design needs to be encouraged, we also believe it is very important that the traditional private sector, single-employer defined benefit plan design is a viable option in tomorrow's retirement income system. Therefore, my remarks will focus on single-employer defined benefit plans.

One of the key challenges that sponsors of these types of plans face is the risk of trapped capital, which I've attempted to illustrate on this page. The minimum funding rules for a pension plan require that plan sponsors contribute the cost of benefits earned by members during the year, which is called the normal cost. The current minimum funding rules also require that the funded position of the plan be valued on a solvency basis, which assumes that the plan is terminated and all benefits are settled on the valuation date. Any shortfall in the

funded position of the plan on a solvency basis must be funded over a maximum of five years.

When you have poor financial market performance, like the credit crisis we experienced in 2008 and early 2009, funding based on the solvency funded position of the plan tends to increase substantially, and plan sponsors need to make significant additional contributions to fund the solvency shortfall. These additional contributions are shown in red on page 5.

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If the financial performance of a pension plan improves in future years, the contributions required to fund the solvency shortfall often prove, in retrospect, to be excessive. For most plans, these excess solvency contributions can be applied to reduce normal cost contributions, and the sponsor can take a contribution holiday. This is shown as a light blue section of the chart in years 2017 and onwards.

However, sometimes the excess solvency contributions prove, in retrospect, to be so large that in the short to medium term, they cannot be used up by contribution holidays. In this situation, these contributions often become trapped capital, as it is very difficult if not impossible for a sponsor to withdraw these excess contributions from the plan.

Due to the risk of trapped capital, plan sponsors are reluctant to contribute more than the minimum requirements under the Pension Benefits Act. As a result of this tendency to contribute at minimum levels, year-over-year contributions are more volatile, and the accrued benefits of members and pensioners are less secure.

If we move to page 6: We believe that a tool for alleviating the risk of trapped capital that should be considered seriously is a pension security fund. We note that the pension security fund has been recommended by the Alberta and British Columbia Joint Expert Panel on Pension Standards.

We realize that surplus issues are controversial and that any approach to alleviate the risk of trapped capital should strike the appropriate balance. Therefore, under the approach we are suggesting, contributions towards the cost of benefits earned by members during the year would be made to the regular pension fund. The regular pension fund, on page 6, is shown in green.

Surplus assets in the regular pension fund would be subject to the surplus withdrawal rules contained in Bill 236 and the rules that will be contained in the next stage of pension reform. Presumably, these rules will encourage a negotiated agreement between plan sponsors and members in situations in which the plan text is not clear regarding the ownership of surplus.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Gavin Benjamin: Yes, that should be fine.

However, any contributions made to fund a solvency shortfall could be made to the pension security fund. The pension security fund would be similar in most respects to the regular pension fund; in other words, it would be tax-sheltered and held separately from the sponsor's

assets so that it's out of the reach of the plan sponsor and protected from non-pension creditors. The pension security fund is shown in orange on this page.

If the sum of the assets in the regular pension fund and the assets in the pension security fund are larger than the solvency liability plus a buffer—in other words, on this page, the sum of the green and the orange is larger than the blue—excess assets in the pension security fund can be returned to the sponsor. Also, assets in the pension security fund not required to meet pension obligations on plan termination would revert to the plan sponsor.

We believe that the ability to recoup these excess contributions will encourage sponsors to contribute more than the minimum and will reduce one of the key disincentives to sponsoring defined benefit plans. By contributing more than the minimum required and creating a buffer during good times, pension benefits will be more secure and sponsors can reduce the volatility of contributions during bad times.

We will be happy now to respond to any questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the NDP and Mr. Miller.

Mr. Paul Miller: Welcome.

Mr. Gavin Benjamin: Thank you.

Mr. Paul Miller: I guess my first question would be to Martine. You've pointed out that you don't believe the 55 years of age needs to be bridged. My question to you is, what happens if that individual cannot find suitable employment or alternate employment, and is injured and they haven't made contributions to bridge them to retirement? What do you do in that case?

Ms. Martine Sohier: What we referred to as the rule of 55 is the sum of age and service. We said, on average, if you're being terminated before you reach, let's say, age 50, chances are that you need to find alternative employment. Really, bridging you to retirement doesn't really help you with the loss of income that you will be experiencing until you find alternative employment, because the pension income is locked into your pension plan so you have no access in the meantime to that income.

Mr. Paul Miller: What if you can't get another job?

Ms. Martine Sohier: Well, hopefully, if you are 45, you will have the opportunity to find alternative employment.

Mr. Paul Miller: I think you're taking away some security for these individuals by that comment. I don't agree with it, and I think that 55 is a good rule, because people are living longer and they can't necessarily get jobs after they are either terminated or lose their employment.

As you've witnessed throughout Ontario, hundreds of thousands of people are losing their jobs. I think this is taking away the possibility of being bridged for an individual who may not get suitable employment or the equal amount of employment. I definitely am opposed to that recommendation. Basically, that's the end of that discussion, because I don't agree with that at all.

Ms. Martine Sohier: May I just add one point? You're trying to impose additional costs for sponsors of defined benefit plans, where we have a lot of employers—

Mr. Paul Miller: I'm imposing protection for workers; I'm not imposing anything on the employer.

Ms. Martine Sohier: My point was just that we need to be mindful about those who are not covered by a pension plan, and really, this alternative is not helping them.

Mr. Paul Miller: That's why we're trying to create an Ontario pension plan that will cover the 66% of Ontarians who aren't covered, and they will be bridged also.

My next question is for the gentleman. It's my understanding from what you were saying that you're not thrilled about funds being locked up. You would be in favour of contribution holidays for companies and you don't feel that the pension plans should be solvent; I think some of the recommendations were even up to 110%.

You did mention that the bad times roll in. That's exactly what's going on in Ontario now because employers took contribution holidays. Some of our large pension funds are less than 60% solvent. I'd like to know what you mean by this. You're in favour of contribution holidays for employers? Is that what you're telling me?

Mr. Gavin Benjamin: I think at some stage, to the extent that, at a given point in time, a plan is fully funded, and possibly fully funded plus a buffer, so more than fully funded—you'd have to determine how much of a buffer you'd need—if there are sufficient assets, I think it's reasonable for the employer to take a contribution holiday.

The other point I was trying to make is that if employers feel that they've reached or exceeded that buffer in terms of assets in the pension fund—we believe that during the good times, whether the plan is in good financial shape or whether the employer is in good financial shape and cash is available, they're more likely to contribute more than the minimum to try and smooth out contributions over time. That's not always the case—

Mr. Paul Miller: In my few years on this earth, I haven't seen too many employers that want to over-contribute to pension plans. In fact, you have trouble getting it in the best of times.

One of the problems we have in Ontario right now is that the very thing that you want done is a contribution holiday, and the bad times have been quite numerous of late. Most defined pension plans in North America are in trouble, except for maybe two: HOOPP, which is the hospital one, because most of their people are gainfully employed, and there are a couple of others that aren't in bad shape.

But our pension plan at US Steel is now funded at 58%. If they hadn't been allowed to take a contribution holiday, we may have been in better shape. It wouldn't have been 100%, but it might have been 70%, which makes a big difference because we have, in my particular plant, 9,000 pensioners and 800 people working.

I think this suggestion you're making about contribution holidays is disastrous. That's what has got us in this mess that we're in today. I can't disagree more with your suggestion.

The Chair (Mr. Pat Hoy): Thank you, and our time is expired. Thank you for the presentation.

OSLER, HOSKIN AND HARCOURT LLP

The Chair (Mr. Pat Hoy): Now I call on Osler LLP to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I'd ask you to identify yourself for the purposes of our recording.

Mr. Ian McSweeney: Sure. My name is Ian McSweeney and I'm a partner at Osler, Hoskin and Harcourt. Good afternoon.

As the first stage of pension reform in Ontario, Bill 236 takes its cue from the Arthurs report. It proposes to fix a number of problem issues that have plagued the pension industry for many years since the last round of comprehensive pension reform in 1987.

Bill 236 purports to balance the interests of members and sponsor stakeholders in addressing these issues. The result of Bill 236, plus the stage two reforms, will be a reform package that contains some changes that are welcomed by sponsors and are unpopular with members, and other changes that are applauded by members and may raise serious cost and other concerns for employers. The committee has no doubt heard about some of these issues today and yesterday, and the government has received written submissions on many of them as well.

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While I have my own views on these issues, I am not here today to talk about those. What I want to discuss is perhaps one of the only issues upon which absolute member and employer consensus exists, and that is addressing the barriers to surplus sharing deals under clause 79(3)(b) of the pension benefits legislation for plans that are partially wound up. The problem under 79(3)(b) has existed since 1991, when Ontario introduced its current surplus-sharing member consent requirements under the PBA regulations.

Over the years, a number of joint submissions have been made to various governments urging a legislative fix to the problem. I have provided this committee with copies of my February 18 letter to Minister Duncan, enclosing the latest such submission with respect to Bill 236. Also enclosed is a copy of a similar submission which was made in 2000 to the Honourable Ernie Eves. You will see that these submissions are co-signed by most of the major law firms representing employers, members and unions in the pension area. I urge this committee, on behalf of the co-signers, to adopt the February 18 submissions in making its recommendations with respect to Bill 236. I don't propose to take the committee through the submission line by line, but I think it's helpful for you to understand several important points.

For the last 20 years, employers and members have been settling the issue of surplus entitlement on windup through negotiated surplus-sharing deals largely to avoid delays, costs and uncertainties associated with proving surplus ownership, and to comply with due process and Ontario's member consent requirements.

For partial windups, the issue has become even more important in recent years with the release of the Supreme Court of Canada's decision in the Monsanto case, which decided that for Ontario plans, surplus attributable to a partial windup must be distributed to someone. Clause 79(3)(b) is a provision of the PBA which requires superintendent consent before any surplus can be paid to an employer on a plan windup in whole or in part. The section states that the superintendent must find that the pension plan provides for payment of surplus to an employer in order to provide that consent.

This requirement in the statute coexists with the member consent requirements contained in the regulations. These requirements in the regulations must also be met in order to obtain superintendent consent, but since the vast majority of pension plans contain historical plan or trust language that makes surplus ownership unclear, in many cases, even where the member consent thresholds are fully met—and in many cases to a very significant extent, upwards of 90 %—the deals that are put into place through negotiated sharing arrangements are put into jeopardy because the superintendent cannot approve them unless he makes a finding that the plan terms provide surplus ownership to the employer.

In other words, 79(3)(b) of the statute and the member consent threshold requirements of the regulations are in conflict. This conflict is counter to the best interests of affected members and employers alike. It also conflicts with the stated goals of the member consent requirements when they were put into place in 1991 to provide a negotiated solution to the treatment of windup surplus which avoids expensive, all-or-nothing litigation on the issue of surplus ownership. There is no valid policy reason for this conflict. It only operates as a potential impairment to surplus-sharing implementation.

Once affected members and employers strike a negotiated surplus deal necessary to obtain sufficient consent from members—and when I say member consents, I'm talking about fully informed consents where the members affected have the benefit of advice from independent legal counsel—members and employers join forces with a common interest in making an application to the superintendent for approval to implement the deal.

Bill 236 has fully recognized this issue in the context of total plan windup and has fixed the problem by moving to a surplus distribution regime, which permits employer surplus distribution disputes to be resolved by either a demonstration of surplus ownership based on legal ownership principles or satisfaction of member consent thresholds. This is similar to the current regime under the federal PBSA and the regime that exists under many provincial jurisdictions. Bill 236 proposes to elimi-

nate partial windups after 2011, but in its current form, preserves the status quo for existing future partial windup distributions, which in effect requires both the demonstration of employer surplus ownership and satisfaction of the member consent thresholds—very often next to impossible criteria to fulfill.

We are asking that Bill 236 be revised to treat surplus distributions the same on either a full windup or partial windup. This parity concept has current support under the existing PBA, subsection 70(6), which provides that members' rights on a partial windup shall be no less than their rights on a full. Members and sponsors affected by existing partial windups who have or are in the process of negotiating or implementing surplus-sharing arrangements should have their interests included in Bill 236 reforms. The same applies to the interests of affected members and sponsors in relation to any future partial windups declared prior to 2012. The Arthurs report, in discussing 79(3)(b), made no distinction between full or partial windup.

In summary, there is no policy or practical reason to treat partial windups differently than full windups under Bill 236 on this issue. The signatories to the February 18 submission urge this committee to recommend changes to ensure identical treatment for all windups under Bill 236.

Thank you for your attention. I'm happy to take questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning this time will come from the government. Mr. Arthurs.

Mr. Wayne Arthurs: Thank you, Mr. McSweeney, for the presentation. I'm not going to even attempt to get into or try to interpret the presentation in a verbal fashion. I just want to ask a couple of things.

One, obviously, you made reference to the signators, a great list of which, who represent a broad employer-employee interest. It's been presented to the superintendent through to the minister. Has there been a response to date? I mean, it says February 18. It's not all that long ago—in government parlance anyway, as opposed to private sector initiatives. Has there been a response to it at this point? Is it something that they're—

Mr. Ian McSweeney: There hasn't been a response, but that is not inconsistent with the developments under prior submissions.

Mr. Wayne Arthurs: Okay. I take it from that “not unlike under prior submissions” that the prior submissions weren't necessarily received in the fashion you would have liked them to have been received or responded to?

Mr. Ian McSweeney: It's always difficult to assess what's going on inside when you're outside, but I think the context here is different in that we are in the middle of some serious attention being paid to pension reform initiatives that try to achieve a balance. In the past, even though there was broad consensus on these—for anyone who's ever been involved in a surplus sharing deal, when you see the inside of these deals, you realize with horror

how expensive and time-consuming they are. I think the overlay here that's different is that the fix can be inserted in a bill that's already fixing the issue for full windups and is initiating reforms on a broader basis.

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Mr. Wayne Arthurs: Thank you. I suspect I only speak for myself and not for the other members around the table; probably few, if any of us, and not myself, have been involved, to the extent that you're talking about anyway, with the nature of something as intricate as this. Thank you for the presentation verbally as well as the submission to the minister. I know there are officials here who certainly will be taking note of the fact that you're still awaiting a response to that correspondence.

Mr. Ian McSweeney: Thank you.

The Chair (Mr. Pat Hoy): Thank you.

CANADIAN FEDERATION OF PENSIONERS

The Chair (Mr. Pat Hoy): Now I call on the Canadian Federation of Pensioners to come forward, please. Good afternoon. You have 10 minutes for your presentation. The questioning in this round will come from the official opposition. Please state your names for our recording Hansard. You can begin.

Mr. Jack Walsh: My name is Jack Walsh. I'm a director of the Canadian Federation of Pensioners. On my left is Tony Pompeo, who is also a director of the Canadian Federation of Pensioners. He's also the president of the DuPont/Invista Pensioners Association of Canada.

In the next two presentations, you're going to hear from two more of our organizations: Stelco and—

Mr. Tony Pompeo: General Motors.

Mr. Jack Walsh:—General Motors, GM.

Our first point is to thank you for finally recognizing the pensioners and having us here for this. We're speaking for the 150,000 pensioners we represent and their widows. We'd like to say that we're pleased to be able to participate in this, and we've been very active to date in reviewing the issues with Bill 236 with the government and with the opposition members as well.

We note today that you will hear from or have heard from lawyers, actuaries, consultants and various experts. We're all volunteers; we're all pensioners. We've been living in the trenches on these issues for the last five years and we have a different perspective than you're going to hear from some of these other people. Also, as a voluntary organization, we don't have the money to hire these kinds of people to put together our proposition, so bear with us. We think we have deep understanding because of the 150,000 members from the companies we come from, we have corporate officers, we have mid-managers and we have union people, so we have a broad range of people who have had to live with the current legislation and have had a look at what 236 proposes going ahead. We were able to put together, we thought, pretty reasonable recommendations that we gave to Mr. Arthurs.

Five years ago, a couple of us in organizations such as DuPont and Bell got together when we realized there was a crisis coming. We saw it then—we saw it happening with our own pension plans—and decided we'd have more clout if we got together with others. That's why we formed this Canadian Federation of Pensioners and that's why it has grown from the three of us initially to what we have now. Now, in addition to ourselves, we have Stelco, Bell, General Motors, Slater Steel, Nortel, Chrysler, Sears Canada, Hydro One, OPG or Ontario Power Generation and IATA. As you can see, the issues that the pensioners are facing have gotten a lot of attention.

When the current government set up the Arthurs commission, we were very active in developing and presenting what we thought the issues were. So today, I'll just highlight a couple of the key things that we'll see, and you'll hear more from Tony and the other two groups who are going to be speaking to the issues that we're talking about.

The first point: We were delighted to see that, finally, pensioners are recognized as a legitimate group in the plan. Heretofore, we have had no standing at any given time. We notice that you're going to give us time for proposed plan amendments—that we can have some input into that. And eliminating the partial plan windups, we think, is a good thing.

I'll turn it over to Tony now so he can carry on with some of the other issues that are of concern.

Mr. Tony Pompeo: Thank you, Jack. I'd like to spend just a few minutes going beyond Bill 236 and what I would refer to as stage 2. On the stage 2 basis, one of the things that we are looking for as part of the CFP organization is that we feel that plans need to be evaluated annually on both a going-concern and on a solvency basis. The current requirements under the act for periodic actuary reports are obsolete. There's a three-year interval for the reports for those plans that are in a surplus position and then there's a nine-month delay for filing, which we feel is really inappropriate under today's business conditions. Given the advances that have been made in information technology systems, we really feel that there is no excuse for not having annual assessments on both a going-concern and solvency basis, and for these to be made available as soon as possible following the end of the fiscal period.

I think forward-looking legislation should also be designed to prevent solvency deficiencies, but they will occur, and when they do, that they be corrected promptly. While those situations will be there, we feel that a five-year time frame to correct the situation should be the maximum, and we would suggest that the target solvency funding should be 105%. So 105% would be solvency full funding; at 100%, we feel a correction should occur within one year; at 95%, at two years and so on, but no greater than a five-year time frame to correct the scenario.

Secondly, we feel that there should be prompt enforcement by FSCO. We feel it's a fundamental

requirement, with remedial action by the administrator included in the filing. We feel that whether a sponsor is a public company or a private company, the information available to the pensioners should be identical—as a regard to limiting reporting extensions to cases which can be clearly justified and to establish significant penalties in cases of delinquent reporting.

The third view is a creation of a safe harbour for stranded pensions. Portability remains a problem for some of the workers who move to another job whether by choice or by necessity, and whether individually or in groups. The choices to them can be most unappealing and, in many cases, financially disadvantageous. The idea of an Ontario committee on portable pensions is not a new one. In fact, the current PBA has a provision for such a facility, but it has never been enacted. So we strongly support Dr. Arthurs's recommendations to establish an agency to manage stranded pensions in an efficient manner.

Moving on to my next point: the PBGF. We feel that that should be updated. It is a safety net, and in the best of circumstances it should not be there, but in a better world it has to be, and for some time it will be in the future. The current operative guidelines are obsolete at \$1,000, and we would support the OECF report that says it should go to \$2,500. We recognize it should be done in stages; it's not something that can be accomplished immediately.

With respect to the regulator, Dr. Arthurs deals with this issue in great detail in his report. We strongly support replacing FSCO with a new, independent regulator—a regulator that has a much higher profile with substantially greater powers to regulate the pension system with the necessary resources and the ability to make rules and policy statements. In summary, the regulator needs to be proactive, forward-looking, monitoring, and taking punitive action when so required.

I want to conclude with the recommendation from CAPSA, the Canadian Association of Pension Supervisory Authorities, and that's basically good management, prudence standards, visibility—we feel that should be incorporated into the act. We, as the CFP, the Canadian Federation of Pensioners, have provided substantial input to the guidelines to both the federal and provincial bodies, and we feel that this should be adopted and included in the act, and will have a positive impact and provide confidence to the members that their plan is being effectively managed and held to the highest standard.

The Chair (Mr. Pat Hoy): We'll go to the official opposition. Mr. Miller?

Mr. Norm Miller: Thank you very much, Jack and Tony, for your presentation today. I'll start off by asking you, as retirees—and you can tell me about the language, as well—just how hard it is for you to get information on your pensions as they exist now.

Mr. Jack Walsh: Out of FSCO?

Mr. Norm Miller: Or out of your plan sponsors. Can you get—

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Mr. Tony Pompeo: I think we are a classic case, because we were part of DuPont and then DuPont was sold to Invista. As DuPont, we were a public company, and information was readily accessible. We went to Invista, a private company, and there's no information which they make available to us as pensioners. The only information that we are able to obtain is through the regulator and FSCO, with all its inherent problems. It's not an easy process to get information at FSCO. You have to make applications, so it is quite a cumbersome process, Mr. Miller.

Mr. Norm Miller: In terms of Bill 236, I believe it expands the pension advisory committees—I assume that's something you're in favour of. Am I correct in that?

Mr. Tony Pompeo: Yes. Yes, we are very much in favour of the pension advisory committee. Our representative from General Motors, Brian Rutherford, will speak in greater detail on that.

It is a good feature in the bill. We still feel that it could use some enhancements.

Mr. Norm Miller: In terms of language, a presenter earlier was talking about the language around retired members versus former members. Have you got feelings about that at all?

Mr. Tony Pompeo: We really favour that, because we were—

Mr. Norm Miller: Sorry—which do you favour?

Mr. Tony Pompeo: We favour having ourselves as retirees, because previously we were a non-entity and now we are part and process of this, and Bill 236 even refers to us in the PAC and the ability to have two retired members on the PAC. We really feel that is a step forward and we have visibility; we're no longer in the background with this.

Mr. Norm Miller: Then you were talking about stage 2 and having valuations annually on a going-concern and solvency basis. Have you got any idea how much that's going to cost for the plans themselves?

Mr. Jack Walsh: The sponsors?

Mr. Norm Miller: Yes, for the sponsors.

Mr. Tony Pompeo: It certainly would cost somewhat more at this point in time. However, the current regulations—when there is a solvency deficiency, even under the current legislation, under PBA, there needs to be a solvency valuation done on an annual basis.

There would be an additional cost. The extent of the amount, I can't really say, but I think that since this act was formed 20, 25 years ago, the advances in information technology have been explosive in nature and should substantially reduce the cost.

Mr. Norm Miller: Okay. You also, I think, spoke in favour of a safe harbour for stranded pensions. Have you done any analysis or have you any idea about the cost of that idea?

Mr. Tony Pompeo: The cost that was in the Arthurs report is that it should be a cost-neutral basis; it would be administered by an Ontario pension agency at no cost to the taxpayer. Basically what it would do is give people who have been put in that position the opportunity to continue the pension, perhaps make some additional payments to the plan, and have a greater amount when they do retire. But it should be cost-neutral.

Mr. Norm Miller: So it's not that the government is backing up the plan. It's just not being wrapped up and annuitized; it's continuing and being managed, is what you're saying.

Mr. Tony Pompeo: Exactly, because the choices right now—annuitization is one, or you negotiate with your new employer, or you pull it out from a point of view of having a locked-in RRSP, and they're most unappealing.

Mr. Norm Miller: Finally—I think it's "finally" because I assume I'm just about out of time.

The Chair (Mr. Pat Hoy): You have a minute.

Mr. Norm Miller: Okay, good. Perfect. You're in favour of an independent regulator, I think, as recommended by the Arthurs report—

Mr. Jack Walsh: Yes, exactly.

Mr. Norm Miller: —versus FSCO. Could you expand on that a little bit more as to why you think that's a benefit?

Mr. Tony Pompeo: We feel that there should be an independent regulator in order to deal with pensions. We feel that pensions are high-profile. There used to be an independent regulator under the PCO. We feel that it should have more powers.

It is very difficult to deal with FSCO at this current stage, and the powers and the ability that they do have are minimal. There was some augmentation and some improvement under Bill 236, but in general, the powers which they have are minimal. I think they need more supervising authority. They need to conduct further audits. I think it really needs a complete examination and review to bring it into the current age.

Mr. Jack Walsh: We made that point to Dr. Arthurs in detail. His report reflected it, and it does it in much more detail than I can give you in the next 30 seconds about what should happen to FSCO. It's a real problem. For pensioners, it's a serious problem, and it really needs to be fixed. It has to move up on the priority list.

Mr. Norm Miller: Thank you for your presentation today.

The Chair (Mr. Pat Hoy): Thank you very much.

STELCO SALARIED PENSIONERS ORGANIZATION

The Chair (Mr. Pat Hoy): I call on the Stelco Salaried Pensioners Organization to come forward, please.

Mr. Dennis Wright: Is Toby Barrett still in here?

Mr. Norm Miller: Yes. Where did he go? I think he went to the bathroom.

Mr. Dennis Wright: Yeah, he did.

My name is Dennis Wright. I'm a director of Stelco Salaried Pensioners Organization, which is an organization of about 5,000 employees of Stelco who never belonged to a union. When Stelco declared bankruptcy protection, we organized and hired a lawyer who represented us during the CCAA hearings. When Stelco exited CCAA, SSPO stayed together and in fact incorporated into a non-profit organization to defend the pensions and the benefits of former Stelco salaried retirees.

We are a founding member of the Canadian Federation of Pensioners and we participated in the Ontario expert commission, so we're pleased to be able to comment on Bill 236. We have, however, some concerns, and I have five listed. I will refer to pages, and the page will be of the 43-page document when I say "page."

Item one is 1.1(1) on page 2, "Retired member": The term "retired member" is a very positive addition to the OPBA and is very strongly supported by SSPO.

Mr. Jack Walsh: Excuse me, Dennis. This is in the act. This is the 43-page act that we've been wading through.

Mr. Dennis Wright: The one you published.

We would, however, request that the beneficiary/survivor of a deceased pensioner—that would be the spouse, child etc.—has the same rights to information and benefits as the retired member.

Item two, which is 81.1(1) on page 36, "Insolvency and Bankruptcy ... Companies' Creditors Arrangement Act": SSPO is pleased to see that the superintendent will be reviewing and approving CCAA arrangements made that affect pension plan funds. The BIA and CCAA are outdated and extremely unfair federal acts that nullify all laws, acts and regulations put into place to protect pensioners and pension funds. The pensioners that have been and could be negatively affected number in the hundreds of thousands. We request under this section that 81.1(3) be changed to read, "The superintendent shall not approve an agreement under this section unless it satisfies such requirements as may be prescribed by the full OPBA." Specifically, there shall be no windup of a pension fund unless it's fully funded.

Item three, which is 1.1(1), page 1, "bridging benefit": SSPO objects to the removal of a pensioner's bridge benefit if they should choose to take CPP before age 65.

(a) An early CPP is a reduced amount, so the bridge removal would be a double reduction.

(b) If the pensioner takes a late—after 65—CPP, the bridge would still end at 65, so the choice of an early CPP should be the same.

(c) Pensioners are on a fixed income and should not be penalized for taking a reduced CPP.

(d) The move is tantamount to finding that a pensioner has a small investment dividend and penalizing them for it.

(e) A bridging benefit is a short-term benefit that ends at age 65 and should not be shortened further.

(f) Most bridging benefits are part of the pension plan, stating that it will end at age 65. So removing a bridge

would be a violation of the pension plan contract and the terms of the pension plan contract.

(g) Once retired, pensioners have very few opportunities to enhance their income for a short time. Removing the bridge would be taking away the reduced early CPP and it would take that option away from them.

Item four, which is "Transfers of defined benefit plans," 79.1 and 80, running from page 28 all the way through 34: SSPO has serious concerns regarding benefits for retired members after transfer under the proposed conditions of Bill 236. We believe these transfers are intended to solve the problems of pension plan mergers. The former PCO and FSCO have in the past not allowed mergers because if one of the plans is underfunded it will profit, but the members of the fully-funded plan will lose.

In that regard, we suggest that these sections are missing a clause which should state that the superintendent will not allow a transfer unless both plans are fully funded or on an approved program to fully fund.

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A more serious concern is that there is one clause, 80(4), that states that an active employee will continue to receive benefits provided under the original pension plan after the date of transfer. But there are three clauses—79.1(12), 80(8) and 80.1(7)—that state that the successor pension plan is not required to provide the same benefits of the original pension plan to the retired members. SSPO thinks this is backwards. We believe that an active employee must accept the conditions of the new employer with regard to pension plans that could result in an increase or a decrease in benefits.

SSPO requests the following clauses:

"(b.1) An active employee will receive benefits equal to or better than the original plan for service to the date of transfer and will receive the benefits of the successor plan for service after the date of transfer; and

"(b.2) A retired member will receive benefits equal to or better to the original plan after the transfer to the successor plan."

Item 5 refers to rules on surplus distribution, which is section 64.(1), repealing 79(1), on page 26. We, incidentally, believe that—what I'm about to say should apply not just to windups, because this clause is mixed up between continuing and windup depending on where you look. We believe it should apply to continuing pensions or on a windup basis, and 79(1)(a) should be revised to say:

"The superintendent is satisfied based on reports provided with the employer's application for payment of the surplus that the pension plans have a surplus of a minimum of 125% of solvency."

We got that number from Ontario tort law from 1988, which was the Conrad Black Dominion stores fiasco. The ruling said that no surplus should be taken unless it was 125%.

Under clause (3.2), it should be changed to say—and it would be an "and" to the above statement of the surplus:

"(a) the pension plan provides for a payment of surplus to the employer; or

"(b) a written agreement of the employer and all the members exists for payment of a surplus to the employer; and

"(c) the payment of surplus to the employer shall be communicated to all the members; and

"(d) the distribution of surplus should depend on contributions, joint contributions shall be divided proportionately, and sponsor-only contributions should be kept by the sponsor."

Thank you.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to the NDP.

Mr. Paul Miller: It was a wonderful presentation. Unfortunately, I don't have all the different clauses in front of me to—you must have dealt with about 30 that I counted.

All I can say from your whole presentation is that my interpretation of this is that you believe there should be no penalization of a spouse or a survivor through transition periods, that all funds should be fully funded, and that there should be no penalization for receiving money on early retirement. That's one of your points.

Mr. Dennis Wright: That's correct.

Mr. Paul Miller: You also made the point that you are happy about the part in the bill allowing the pensioners to take part on the board. You're pleased with that.

Mr. Dennis Wright: Oh, yes. We support the changes to the PAC.

Mr. Paul Miller: So basically, what you're saying is that through the transition period and the funding, there should be no clawbacks to your supplement or to anyone's supplement when they're receiving it up to age 65—

Mr. Dennis Wright: Right.

Mr. Paul Miller: —and you feel that the present situation does penalize pensioners, and that that should be corrected, and I agree fully with you.

I'm pleased to say that you've recognized the problem with the PBGF also. It's grossly underfunded, as has been witnessed by the Nortel workers, some of them with 35 and 40 years of service. They were looking at anywhere from \$3,200 to \$3,800 a month, and they are now reduced to \$1,000 a month. The government decided to step up to the plate for the \$1,000. Unfortunately, the \$1,000 was supposed to be there in the first place, and they're simply following through on what was there in 1981. It should be there, \$1,000, to cover them. It hardly makes up for the \$2,200 shortfall that was deferred wages. This is one of the things that you'd like to see corrected, I take from your presentation?

Mr. Dennis Wright: It should have been indexed back when they put it in. It would be \$2,500 today if it was. And also, the money that they don't have is because Algoma's got about \$1 billion of it out of the PBGF.

Mr. Paul Miller: Have you also discussed with your group when there's a potential takeover by a foreign

company like US Steel? I worked at Stelco as a unionized member in the pension plan; you were salaried pension. We realized, sitting through CCAA, as I sat there and watched everything unfold, that we had little or no protection when this transition took place with US Steel purchasing the former Stelco. The government stepped up to the plate with \$150 million. Frankly, I thought that was good, but I think it was just a way for them to sweeten the pot for Mr. Mott to sell the company. He bought it for \$167 million, including shortfalls in our pension plan, and then turned around and sold it for \$1.3 billion to US Steel. Quite a profit in 18 months, considering it was devalued and undervalued.

So some of the things in this pension reform should also look for what I like to call corporate raiding and undervaluing the assets of a company when it comes to the solvency and insolvency of a pension plan. Obviously that's an important part—I think you touched on that—the lack of protection through the transition period. We were all holding our throats when these guys took over, and we saw the results. If we hadn't dug our heels in, through your group and our hourly group, we might have been in worse shape than we are now. I believe Mr. Mott, after 18 months, if I'm not mistaken, personally walked away with \$67 million after taking us—

Mr. Dennis Wright: That was the minimum that he got.

Mr. Paul Miller: The minimum, asking for concessions. Part of that money should have been earmarked for pension plans, not for Mr. Mott's ranch in South Carolina, or wherever he is, Virginia.

I'm glad to see that you're on top of this and that the pensioners are coming out in force. This is something that the government's going to have to take seriously, to a point where we're going to have to do something about the PBGF. It's grossly underfunded. I hope that in the next round of talks in the fall this is addressed in some way or fashion; at least started. I don't expect it to be solved overnight, but this is important for the people who made the presentations, pensioners. It's important for a lot of Ontarians, and I'm sure the government's going to take this very seriously. Thank you.

The Chair (Mr. Pat Hoy): And thank you.

GENERAL MOTORS SALARIED PENSIONERS ORGANIZATION

The Chair (Mr. Pat Hoy): I call on the General Motors Salaried Pensioners Organization to come forward, please. Good afternoon.

Mr. Brian Rutherford: Good afternoon. My name is Brian Rutherford. I'm the president of GENMO, and GENMO is a group that represents 12,000 salaried retirees and active employees. We do not have a union, and when General Motors was on the brink of filing for CCAA, we understood that had they gone through that procedure, our pension would have been at the bottom of the pile in the courts. We had nobody to represent us, so we started an organization about a year ago.

My colleague here is Bob Hilton. He'll take the last half of the presentation. He is the president of the Canadian Federation of Pensioners.

I'm just going to talk about the pension advisory committee that's already been brought up, and I'll read from a statement that I've made.

A weakness lies in the act itself, which requires, in subsection 24(1), that PACs are established only by way of vote of the majority of plan members and retired members, something that can be extremely difficult, if not impossible, to accomplish. CFP recommends the adoption of recommendation 8-24 from A Fine Balance, especially in an SEPP, where the sponsor is the administrator, which says, "Except as provided in recommendation 8-26, every pension plan should be required to establish a pension advisory committee (PAC). A PAC should comprise at least five members, including" two representatives "selected by retired members and one by each class or group of active" employees. We feel that representation from the member type should be more in line with the ratio of active employees versus retirees in a pension plan.

In the absence of a bargaining unit or union, who will the sponsor communicate with and how will they do it? Who will be the ombudsman for the plan members if the sponsor fails or refuses to act? Due to the federal Privacy Act, the sponsor will have to communicate with all of the plan members. How can we be assured that this is done properly?

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We suggest that the pension regulator be empowered to facilitate the development of a pension membership PAC with the pension sponsor. We also suggest that, in the absence of a bargaining unit, any and all retiree associations or organizations whose members are plan members be given similar rights as a bargaining unit for the purpose of forming a PAC. This would mean that the sponsor would have to communicate their efforts in satisfying the PAC requirements under the PBA regulations. We would also recommend that when the sponsor communicates with all plan members on the PAC issue, the member should be asked if he or she will forgo their FPA right and give the PAC the ability to communicate directly with him or her.

We suggest that the PAC meet with a pension administrator, sponsor and actuary on a quarterly basis. When I say that, I'm not looking for an actuarial report; I'm just looking for the same information that the administrator would show the sponsor, so if we have 90% of the information, we will be able to deem how well our pension is performing.

We understand that we cannot affect the pension plan, but we can comment on it and raise flags if necessary on the funding and investment portfolio mix. Currently, the PAC, if existing—and to our knowledge, there are very few of them—can meet with a sponsor, administrator and actuaries about nine to ten months after an annual actuarial assessment from the plan administrator. Due to economic volatility and our sponsor non-conformance to

the regulations, the pension plan can be in peril in real time, while the actuarial report shows earlier information that does not reflect reality. I'll give you an example of this.

The GM salaried people in November 2008 were told by the director of HR that their pension was 96% funded on a going-concern basis and 74% funded on a solvency basis. That information was from an actuarial report that was nine months old. In reality, at that time, the pension plan was 73% funded on a going-concern basis and 54% funded at solvency. Had GMCL filed for CCAA in June 2009, the salaried plan members and retirees would have unknowingly lost almost half of their pension. It comes down to an issue of trust for us and other people that we've talked to: the Canadian Federation of Pensioners and their sponsors. It's difficult to trust them when they're giving us wrong information and they know what the proper information is. It's my pension and I have a right to know the condition of my pension. I don't want to affect it, but I want to know how healthy it is.

Mr. Bob Hilton: First of all, the Canadian Federation of Pensioners does appreciate the fact that the current government has decided to bring forward new legislation and regulations that have been and are being introduced. We do appreciate that fact because it's long overdue. In fact, we could be critical of every political party for having failed to look at this issue since the 1980s. It's too long a period of time to review something.

We feel that the regulator must have and must utilize power to protect pension plans and pensioners. Failure to protect them is both wrong and immoral.

The Canadian Federation of Pensioners recognizes that sponsors and employers also have needs. However, I think you have to recognize that the sponsors and administrators control the pension plans. They must have controls; they must have rules and penalty provisions put on them that are enforced by the regulator. That has not been the case under FSCO.

The Canadian Federation of Pensioners requires balanced and fair legislation that protects the pensioner and prevents abuse to the system, and later I will detail an abuse that occurred. Penalties need not be costly but they have to be effective and they must protect the pension plans and the pensioners. Abusers of the rules should and must be eliminated from the system. In other words, if somebody is administering a pension plan and they fail to follow the rules, then they should no longer be enabled to participate in the controlling of a pension plan.

The Canadian Federation of Pensioners recommends the regulator be proactive, not reactive. We believe Dr. Arthurs was right in recommending a new regulator. FSCO has dropped the ball on too many instances and, while good people, they have not been consumer- or customer-oriented. FSCO requires too much change for that change to happen internally.

The Canadian Federation of Pensioners believes that achieving the goals set out by Dr. Arthurs will bring about a healthy pension system for the province of

Ontario. If we do that, the rest of the country will follow. We are the leaders.

I'd like to take a moment and tell you a couple of stories, because I want to put a human face on what happens when you run into a pension problem.

My firm, Slater Steel, went bankrupt. Some 48 hours after the company filed for bankruptcy protection, I received a phone call from a gentleman who was approximately 78 years of age, who the next day was scheduled to go into the hospital for lung cancer surgery. He had gone into the drugstore to pick up his prescription that the doctor had ordered for him prior to the surgery. He arrived at the drugstore to pick up his prescription only to be told, "Sorry, sir, you no longer have any coverage." That should never be allowed to happen. That can be prevented if you put forward the legislation properly.

A second story is the abuse of a pension plan. Again, it was a Slater pension plan. I had an employee who worked under me for many years, had never been a member of the hourly pension plan. The hourly pension plan had a 30-years-and-out clause in it; the salaried employees pension plan did not. It was a 35-years-and-out opportunity. This employee had been in the company for over 30 years but not 35. The company transferred him to the hourly pension plan for one day, then terminated him on a retirement basis. Amazingly, subsequent to the company having gone bankrupt, while the hourly employees were still entitled to benefits and the hourly pensioners were still entitled to benefits, they didn't want to pay his benefits because, "Oh, no, you were a salaried employee." They played games with the pension plans inappropriately.

Now I'd like to talk to you about FSCO a little bit.

The Chair (Mr. Pat Hoy): You have about one minute left.

Mr. Bob Hilton: Okay, I'll be quick.

Three years into the bankruptcy situation, when FSCO had taken the pension plan and put it into the control of Morneau Sobeco, we received a letter. They were trying to locate 14 members of the pension plan they had not been able to locate. I received that letter and within half an hour, without calling anybody, I had seven of the people identified, where they were or what their circumstances were. One of them was a former president of the company who was dead. That's one example.

We're now wound up and they've annuitized the plan. What happened at the time of annuitization? Into all of our bank accounts went the amount that was supposed to go into our accounts from the pension plan originally—reduced by 30%, by the way. But at the same time, the amounts that were to go into our bank accounts from the annuitized plan went into our accounts. We received a letter from them a couple of weeks later saying, "Oops, we goofed. We made a mistake. Next month, you're not going to get anything." Well, quite frankly, if you're in a good financial position that's not going to hurt you. But I can tell you very clearly that a lot of pensioners are not in good financial condition, and if that money has come into

the bank and mother sees it—and I'm not trying to pick on mother—and she spends it, next month you're in deep doo-doo because you don't have any of the money that you require to cover things.

FSCO was not even aware that had occurred. FSCO did not even require Morneau Sobeco to communicate with the pensioners on an ongoing basis as to the status of what was going on. Again, the pensioners deserve to know what their circumstances are. It's their pension plan, it's their money and it's their livelihood.

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We'd like to thank you for the opportunity to present today. We wish you good luck and Godspeed in introducing and passing appropriate legislation.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to the government. Mr. Arthurs?

Mr. Wayne Arthurs: Brian and Bob, thank you both for being here this afternoon.

In 2006, when then-Minister Sorbara took it upon himself as the minister to establish the expert commission, he understood and saw that we were on the cusp of having to have a very substantive discussion and garner expert information, because this legislation hadn't been touched for 15 or 20 years at that point in time. As Brian made good reference to, shortly after that, with the fiscal meltdown that we all went through and continue to be on the cusp of some days—we're thinking we're out of it, but are we for sure? Brian, you mentioned how close it was for you and your members and, if General Motors hadn't made it through, what the consequences were, and I know we are pleased that both the provincial and federal governments stepped up to the mark to ensure, as best we could, that that didn't happen. Certainly, part of that was a recognition of the pension liability that governments would be faced with if that were to occur.

We're now at the next step in that process with this particular piece of legislation. With further legislation pending—and I'm not going to hold the minister to it, but according to Hansard I think he said this calendar year just recently. I'm not quite sure. I'm going to have to check Hansard to make sure my words are right. But we can anticipate, certainly in the not-too-distant future, another piece of legislation that will help to build on this.

Brian, your particular presentation on behalf of the GM salaried pensioners spoke to the pension advisory committees. You have to be pleased, I guess, in the smallest way that retired members are being recognized as members; that there are provisions for the participation on the pension advisory committees. But if I got your presentation fairly correctly, you don't feel that's strong or substantive enough to meet what you and your members see as the needs for the engagement—

Mr. Brian Rutherford: The sponsor will not help retirees or people in the pension plan form the committee—because in order to form the committee you have to go through a democratic means of asking everybody in the plan if they want one. We don't know who they are. Only the sponsor knows who they are, and the sponsor uses the federal Privacy Act to say that they will not help

you. So unless this legislation forces the sponsor to help us form that PAC, it's not going to happen. Sponsors will not help us form PACs. They don't want it. They want to control the agenda.

We don't want to burden them. We just want to see the state of our pension in real time, not nine or 10 months after an actuarial report. We're not asking for the world; we're asking for information that is already available from the administrator to the sponsor. It's that simple.

Mr. Wayne Arthurs: So you're looking for easier access to direct participation and, thus, the availability to acquire that information in a real-time fashion?

Mr. Brian Rutherford: Real-time is what we're looking for, yes.

The Chair (Mr. Pat Hoy): Thank you for appearing before the committee.

Mr. Brian Rutherford: Thanks for your time.

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS

The Chair (Mr. Pat Hoy): I call on the International Association of Machinists and Aerospace Workers. Good afternoon. I think you know how this goes; I noticed you sitting there for a while. You have 10 minutes, and the questioning will come from the official opposition this time. If you can just state your name for our recording, you can begin.

Mr. Louis Erlichman: My name is Louis Erlichman. I'm the Canadian research director of the International Association of Machinists and Aerospace Workers, otherwise known as the machinists' union. We represent something in the order of 10,000 members in Ontario, some in the federal jurisdiction and some in the Ontario jurisdiction. Most of them are members of single-employer pension plans. We have an Ontario-registered multi-employer plan.

We handed in a written submission as well as our submission to the Arthurs commission, so I'm not going to cover everything in the written submission. I just want to talk about a few of the main points and particularly look at some of the areas we have difficulty with in Bill 236.

It is a little bit of a problem in terms of responding to Bill 236 because the Arthurs commission talked about a balance; the report was called A Fine Balance. Particularly looking at the funding issues and so on, without looking at the whole package of changes—which we are told is coming at some point here—it's difficult to only respond to certain parts. That being said, we'll raise some issues with respect to Bill 236. One obvious shortcoming at this stage of the game is that we still haven't seen improvements to the pension benefits guarantee fund, and we think that's pretty crucial in terms of moving ahead.

I want to basically deal with two issues that are problematic in Bill 236, one of which is to do with the

partial windup and the grow-in. The current law essentially provides grow-in provisions that mean that if your age and service at the time of a windup or partial windup add up to 55 or more, you get access to the early retirement provisions in the pension plan as if you had stayed at work until you were eligible for early retirement: You grow into those rights.

Part of the trade-off that is reflected in Bill 236 is that if you get rid of partial windup, which I think a lot of plan sponsors and employers don't like for reasons of complexity and also to do with access to surplus—the trade-off for that is that you would extend the grow-in to anybody terminating. The problem is that Bill 236 doesn't in fact extend the grow-in to anyone terminating. It essentially says that people who quit or are terminated for cause—wilful misconduct, disobedience, neglect of duty—are not eligible. This is problematic because it is in many cases quite unclear whether you have a voluntary termination, a termination for cause or involuntary termination.

Currently, in a partial windup situation and also in a windup situation, the way that it's classified, once the windup, the shutdown or the plant closing has been announced, everybody from there on is treated as part of the group. Now you're going to be in a situation where each individual is going to have to prove that they were actually terminated. It's going to be like a constructive dismissal case on an individual basis. Leaving aside the equity part—the fairness of forcing people into this situation—this could create all kinds of legal complexity. When this bill was put forward, one of the things it was supposed to do was simplify matters. This will not simplify matters; it will complicate matters. So that's one problem.

The second problem, which is the other thing I want to talk a little bit about, is the changes to the surplus regime.

I was sitting here, listening to the representative from Osler talking about extending what is proposed in Bill 236 for full windup to partial windup. The problem I have is that while I agree that the way surplus should be dealt with is that there should be a deal struck to share the surplus on a windup or a partial windup—as long as we have partial windups, which seems to match what all that does in there, so legal firms were there—what's in Bill 236 is not that. Bill 236 says that an employer can come along and say, "I have a legal right to this surplus," or they can cut a deal. Right now, as the law stands, basically as a result of the Tescyn case, they have to prove surplus and that they have a right to at least some share of the surplus and cut a deal.

The logical thing to do, if there was a concern about the complexity of proving surplus and the cost and everything of going through that process, is to simply take that out. Essentially, when you get to a windup situation and there is a surplus in the plan, the sponsor and the plan members get together and they cut a deal. There are time limits. If there's no deal, you go to an arbitration and you split it, which is equitable and also simpler than giving the employer an opportunity to say,

"I do have rights to the surplus." Then it becomes a matter of plan members, beneficiaries, retirees and anybody else having to prove that in fact they don't have rights to the surplus.

I agree with what the lawyer said: It's a complex process. It's not an impossible process, but it's a complex process that has been going on for, really, the last 15 years, since the Air Products case.

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Those are the two problems. There are some other issues raised in our brief, but those are the two major difficulties we can see that raise both equity issues and practical problems in Bill 236.

That's basically my submission. As I say, we had a written one and also our response to the Arthurs commission.

The Chair (Mr. Pat Hoy): Thank you. To the official opposition. Mr. Miller?

Mr. Norm Miller: Thank you for your presentation. I guess I'll start with the grow-in rights and make sure I understand it. You're saying that the way it works is if your age and time of service are 55, then you're entitled to the grow-in rights if the company is wound up, but you're not entitled if you quit yourself or if you're terminated with cause?

Mr. Louis Erlichman: Currently, in a partial windup or a full windup of the pension plan, you are eligible for the grow-in rights. Normally, there is no distinction made. Frankly, it's very difficult to make a distinction. If you announce that the plan is shutting down three months from now, who's quitting and who's being terminated at a given point becomes moot.

What this legislation does is say that when an individual terminates in a pension plan, they will get the grow-in rights if they have the age and service totalling 55. But it says that you have to be either involuntarily terminated without cause—it doesn't say "cause," but it says "cause" effectively, which is really problematic. It's either a right you deserve, that you've earned—"age and service 55" means that you're 40 or 50 years old at a minimum. It doesn't mean you're somebody who's been there for a few years—some young employee. So you've earned this kind of right, and then you might be in a position of having to prove that you were not involuntarily terminated, which could lead you to the courts.

Mr. Norm Miller: So you're suggesting that the amendment would be—

Mr. Louis Erlichman: Just simply say that on termination, if you've got age and service totalling 55, you are eligible for the grow-in. That's it.

Mr. Norm Miller: On the bigger question, Ontario and Nova Scotia being unique with respect to grow-in provisions: Is that something you support?

Mr. Louis Erlichman: Yes. Not necessarily that Ontario and Nova Scotia should be unique. I think it would be a good idea if it spread to other jurisdictions.

Mr. Norm Miller: But we have it.

Mr. Louis Erlichman: Yes.

Mr. Norm Miller: Okay. In terms of the surplus regime, you're saying that the way it should work—and that's in a partial windup scenario again?

Mr. Louis Erlichman: Oh, any windup. There won't be a partial windup going forward.

Mr. Norm Miller: You're saying that there should just be a deal with a time limit, and if the deal isn't arranged in that time frame, you'd go to arbitration?

Mr. Louis Erlichman: Binding arbitration of some sort. Yes.

Mr. Norm Miller: Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

ONTARIO PENSION BOARD

The Chair (Mr. Pat Hoy): I call on the Ontario Pension Board to come forward, please. Good afternoon, gentlemen. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I'd ask you to identify yourselves for the purposes of our recording.

Mr. Peter Shena: My name is Peter Shena; I'm senior vice-president of pensions and stakeholder relations with the Ontario Pension Board. With me is John Goodman.

Mr. John Goodman: I'm the director of pension policy, also at the Ontario Pension Board.

Mr. Peter Shena: First I'd like to thank you and the members of this committee for the opportunity to present our position on Bill 236. Just to give you a bit of background, the Ontario Pension Board is responsible for the administration of the Ontario public service pension plan, or the PSPP, as we know it, which is a defined benefit plan. We provide pensions and related services to approximately 80,000 members and pensioners. The membership is made up of eligible employees of the Ontario government and its agencies, boards and commissions.

OPB commends the Ontario government for taking the first step towards pension reform in Ontario since 1988. This first phase of reform is an important step towards ensuring that there's a sustainable and affordable private pension system for Ontarians.

I'm going to focus my remarks on two key points of Bill 236. First, we're concerned with the direction of legislation which bases benefit provisions on the form of governance. Specifically, I'm referring to the provision which allows jointly sponsored pension plans and multi-employer pension plans to opt out of providing grow-in rights for involuntarily terminated members; and second, the lack of clarity with respect to the language under the transfer of pension assets upon the sale, assignment or disposition of all or part of a business, what we call divestments.

With respect to the first point, under Bill 236 there are specific proposals that apply different treatment based on the form of a pension plan and, in doing so, favour jointly sponsored plans and multi-employer plans over sole-sponsored plans. This relates to the proposed amend-

ments to sections 74 and 74.1 of the PBA. Specifically, JSPPs and MEPPs can elect to opt out of the grow-in entitlement while sole-sponsored plans must provide grow-in rights for involuntarily terminated members.

We support the changes in the proposed bill, but we believe that the provisions should apply to all pension plans regardless of the governing form. We do not see a sound basis for the differential approach for arrangements where the expectations of members are essentially the same. For example, in a jointly sponsored plan and a sole-sponsored plan, the members' expectation is that they will receive the promised benefit levels at retirement.

The purpose of a regulatory regime is to protect the delivery of accrued benefits, and that purpose should be the same regardless of the model of plan.

Our recommendation is that all registered pension plans in Ontario should be required to provide grow-in rights for involuntarily terminated members. The protection of accrued benefits does not stop with solely sponsored pension plans; it should extend to all forms of pension arrangements.

With respect to the second point, we strongly support the proposed changes that would enable pension portability and divestment transfers. OPB commends the Ontario government for taking active steps to resolve the issues impacting divestments. With respect to the specific language of the proposed amendments to sections 80 and 81 of the PBA and the proposed addition of 80.1, we would like to share some of our concerns that, if not addressed, we feel the intent of facilitating divestment transfers will not be achieved.

OPB supports a divestment transfer solution that meets the following objectives:

- enables members to transfer from one pension plan to another in connection with a divestment and to elect to consolidate their pensions in the successor plan; and

- enables pension plans to enter into transfer agreements which provide for credit and asset transfers that protect the value of the benefit accrued in the original plan and that preserve the other rights currently afforded under sections 80 and 81 of the existing Pension Benefits Act.

First, I'd like to address our issue with the language proposed under paragraph 4 of subsection 80(13), which deals with transfer values. Specifically, the proposed language notes that where—and I'm paraphrasing—the benefits under the successor plan are not the same as the benefits provided under the original plan, the commuted value of the benefits provided for them under the successor plan must not be less than the commuted value of the benefits provided for them under the original plan.

OPB supports the proposal in principle. However, we recommend a drafting clarification to make it clear that it applies only as at the date of transfer. Applying that requirement after the transfer is not feasible, as there is, in all plans, constant fluctuation in variables, particularly interest rates, that affect the commuted value of a benefit. No member of a plan has a guarantee of an unchangeable

commuted value. We don't think this provision is intended to establish a fixed commuted value, but it should be made crystal clear.

To continue the protection throughout membership in the successor plan is in essence a form of replication, which was a problem that pension reform was to address. The current issues with divestment transfers under section 80 of the PBA arise because of the lack of clarity in the language of the existing provision. FSCO staff and the superintendent of pensions interpret the current phrase under section 80 of the Pension Benefits Act, "protect the benefits," to mean the exact replication of benefits under the successor plan as the member was entitled to under the original plan.

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We and the vast majority of the pension industry believe that the proper interpretation of that provision is to protect the value of accrued benefits. As such, the superintendent would not consent to the transfer of assets unless the original plan's benefits were exactly replicated under the successor plan. As a result, many divested members, particularly those in the public sector and the broader public sector, were forced into a scenario where they have two pensions: one from the original plan, based on the benefits accrued up to the date of divestment, and one from the successor plan, based on earned benefits from the divestment date. To avoid this kind of interpretation gridlock, it is imperative that the language in the proposed legislation be clear that what is being transferred is the value of the benefits accrued under the original plan.

Also, transfers must be permitted on an individual-choice basis rather than as a group or bulk transfer. Transferring pension assets into the successor plan may not be advantageous for all divested members. This is particularly true for those who are older, longer-service employees who are currently eligible to retire under the original plan's provisions or will be eligible to retire within the next three to five years. Therefore, the proposal to have trade unions provide blanket consent for transferring or not, as contemplated in the proposed legislation as well as the Ontario expert commission report, may not be in the best interests of all members.

The provision also needs to provide clarity with respect to the proposed language related to the development of transfer agreements. The language should make it clear that employers can consent to plan administrators negotiating transfer agreements. This is especially important in retroactive cases, where the original employer no longer exists or has restructured.

With respect to the allocation of surplus upon divestment transfer, we support the right of divested members to protect the value of their earned pension at the time of transfer. They should be given the option to consolidate their pension entitlement under one plan. However, surplus is an actuarial construct, not an absolute fact. Paying or spending surplus is not a good thing to do; recent history has taught us that lesson. Also, including the payment of surplus under this provision but

deleting the partial windup rules, which included payment of surplus, seems to be an inconsistency in the proposed legislation.

In any event, members transfer all the time when they change jobs, without the requirement of the plan to pay out surplus. Members must consider a number of factors when making decisions. For divested members, this will be one of the factors to be included in their decision-making. This is why members must be given the option to transfer or leave a special or modified deferred pension with the original plan.

In concluding, I want to say that there are literally thousands of divested members who have been waiting for the option to transfer their pension entitlements into successor pension plans. It would be a shame if they would not have this opportunity because the reform language was not clear. We have the opportunity to make the necessary changes to avoid this tragedy.

The Chair (Mr. Pat Hoy): Thank you. This round of questioning goes to the NDP: Mr. Miller.

Mr. Paul Miller: I'm the lucky guy who has no written submission to go by, so I have to go by memory of what you said.

So basically, the drift is that for a person to leave a plan and go to a successor plan, you want them to be covered equally as far as benefits go and have a smooth transition to the new plan without any encumbrances. Would that be a fair statement?

Also, from what I can read, I wasn't sure whether you're opposed to grow-in rights or for them, from what you said. Maybe you could clarify that for me.

Mr. Peter Shena: With respect to your first question, our position is that a member should be able to transfer the value of the benefit that they have in the original plan to the successor plan without any encumbrances.

With respect to the second question, if the direction of the Legislature is to provide grow-in rights for involuntarily terminated members, we agree with that. What we don't agree with is the provision to allow MEPPs and JSPPs to opt out just because of the form of governance that they provide.

Mr. Paul Miller: Okay. So it would be fair to say that you obviously support portability—

Mr. Peter Shena: Absolutely.

Mr. Paul Miller: —as your members move from job to job in different aspects of your governance, from different parts of the province, which I am in full support of; I think that's good.

I didn't hear a lot about the PBGF fund. It covers you too, I believe. Does it not?

Mr. Peter Shena: No, we're exempt.

Mr. Paul Miller: You're separate?

Mr. Peter Shena: We're exempt from the PBGF.

Mr. Paul Miller: So it really isn't a concern for you whether that's fully funded or not?

Mr. Peter Shena: It is in the sense that if it doesn't provide secure benefits for all Ontarians—when we made a submission to the Ontario expert commission, we did

put a position forward that the PBGF should be strengthened.

Mr. Paul Miller: That's good. I'm glad to hear that. And I guess you want the commuted value to be the same in the transfer position? As far as whatever they were entitled to—say, 15 years at this particular place, and they're changing to another plan, that the commuted value of that plan would carry on to the new plan at that level, and then start with a new plan at that level, or continue—which one would be the higher end?

Mr. Peter Shena: What we're recommending, and actually, what we've done in the situation which involves the amalgamation of smaller municipal police forces by the Ontario Provincial Police is that the exporting plan calculates a transfer in value which, in the case that we worked on with OMERS, was higher than the commuted value. That value is then used to purchase however many years of service the member had in the original plan in the successor plan. The successor plan would then calculate the value of the benefits coming into the plan. If there's a shortfall, then there's a top-up required, but the value of the benefit that the member had in the prior plan has been protected and the member has the option, based on what is best for that individual, to transfer it from the original plan to the successor plan.

Mr. Paul Miller: So he basically could buy credits?

Mr. Peter Shena: Correct; buy service credits.

Mr. Paul Miller: Buy service credits to the new plan, through his own cost? Because, say, for instance, you went from municipal police to OPP, and there was a difference in the pension situation. You're saying that if he had, say, 10 years municipally and he wanted to go out and spend his last 20 years with the OPP, he can buy credits to bring him up to the level of the OPP pension?

Mr. Peter Shena: Right. And in terms of who pays that additional amount, it's a matter between the bargaining agent, if one exists, and the employers involved, but the pension plans have a duty to ensure that they're not subsidizing those transactions. It's the value that comes across purchases, what it purchases in the original plan. The difference is made up by either the transferring member or a combination of the transferring member and the other parties involved.

Mr. Paul Miller: Could it have a conflict between the municipal governing body that pays the police force, in reference to the OPP, which is paid provincially? How does that work? There's no conflict because—who makes up the shortfall, is what I'm saying.

Mr. Peter Shena: It's up to the parties to decide, not the pension plans; it's up to the—

Mr. Paul Miller: The pension would administer it?

Mr. Peter Shena: The pension plan would administer it. The pension plan would determine the amount that needs to be paid, and if there's a difference between what the receiving plan requires and the original plan is providing, then it is either the member that pays it or the municipality or—

Mr. Paul Miller: Or leaves it the way it is.

Mr. Peter Shena: Or leaves it the way it is.

Mr. Paul Miller: So if you have an actuary involved, they can figure out what the commuted value is?

Mr. Peter Shena: The pension plans do that on their behalf. They can certainly have an independent actuary review the calculations. This is a model that we, as I said, used with the provincial police, and in some municipalities the municipal government has agreed to pay a portion of the top-up to bring the individual to full service; in other cases, the municipality did not.

Mr. Paul Miller: So it's a smooth transition?

The Chair (Mr. Pat Hoy): Thank you.

Mr. Paul Miller: Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

ONTARIO BAR ASSOCIATION

The Chair (Mr. Pat Hoy): I now call on the Ontario Bar Association to come forward, please.

Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning, this time coming from the government side. I would ask you to identify yourselves for the purposes of our recording Hansard.

Mr. Mitch Frazer: Mr. Chair, committee members, thank you for the opportunity to address you on this very important topic today.

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My name's Mitch Frazer, and I'm the chair of the Ontario Bar Association pensions and benefits section. We are one of 35 sections representing over 17,500 members. With me today are my colleagues Andrea Bactor and James Pierlot, co-chairs of our section's public affairs committee.

We are generally very supportive of Bill 236. However, we would like to propose a few changes which we believe would make this significant piece of legislation stronger for both business and pension plan members.

In our written submission, which you now have before you, we deal with both substantive and technical issues. However, the focus of our remarks today will be on the substantive issues.

Andrea will begin the formal part of our presentation, followed by James, and then we would be happy to answer any questions that you may have.

Ms. Andrea Bactor: Thank you, Mitch. My name is Andrea Bactor. I'm a co-chair of advocacy and governmental relations for the pensions and benefits sections of the Ontario Bar Association.

The first topic we'd like to discuss today is trust law and pension asset transfers. We heard the previous speaker talk about asset transfers in larger public sector plans, and we'd like to focus on asset transfers in single-employer plans, specifically.

Asset transfers generally occur in two situations: first, where an employer sponsors several pension plans and wants to merge them together, and this is accomplished by way of asset transfer; the second is where a purchaser

acquires part of a business and agrees to transfer pension entitlements to the employees they're hiring from the seller's pension plan to the purchaser's pension plan. Asset transfers in this context are a good thing. They allow sponsors to take advantage of cost and funding synergies.

They are also a good thing for members, especially in the purchase and sale context. Members will have one pension plan to look to for their pension. As we've heard from the representatives of OPSEU and OPB, where members have two or more pension plans to look to for their pension benefit, their benefits can suffer. We should want to make asset transfers easy, provided member benefits are secure.

Currently, in Ontario, asset transfers are not easy, and the reason has nothing to do with member benefit security. It currently takes an average of four years to have an asset transfer adjudicated by FSCO, in large part because an employer has to show that every pension plan affected by the asset transfer permits the plans to be merged. Where the plan is funded via trust, which they often are, this means gathering and analyzing every plan document since the plan's inception, often decades' and truckloads' worth of documents, and that's only if all of the documents can be located. The time and professional fees spent on performing this historical trust law analysis for an asset transfer application that may or may not be successful means that employers try to avoid the mess entirely in the first place.

For that reason, we applaud the new sections 79.2 to 81.1, which we understand are intended to streamline the asset transfer process. They are clear and put benefit security in the front seat, where it belongs. However, we are concerned that there is no new express provision that explicitly takes the trust law analysis out of the picture.

For certainty, we suggest adding a provision to the revised PBA that essentially states that where a pension plan is amended to permit the plan to be merged with another plan, that amendment will trump any previous plan provision. This will do two things: first, it will allow new sections 79.2 to 81.1 to operate unencumbered, which we believe is the intent of the legislation; second, it should end the requirement for plan sponsors to establish, through an analysis of decades' worth of plan documents, the entitlement to merge pension plans.

James?

Mr. James Pierlot: Thank you, Andrea.

When a pension plan terminates with a surplus, under the current rules, there are frequently major delays and costs in determining who owns the surplus under the plan documents. Even where an employer proves ownership under the current rules, it's still necessary to get employee agreement for any payment to the employer.

Bill 236 makes a very welcome change to this rule. An employer who demonstrates legal ownership on windup can get a refund of the surplus; an employer who doesn't can negotiate a deal with employees to share the surplus. This "demonstrate ownership or negotiate" approach is

very pragmatic, and it reflects the approach of a number of pension standards jurisdictions.

Unfortunately, the new rules don't apply to partial windups declared before 2012. Given that the new Bill 236 surplus regime strikes a fair balance between employer and member rights, we are recommending that it be extended to all partial windups that are outstanding on the date Bill 236 is approved by the Legislature.

Many pension plans offer benefits on a defined contribution, or DC, basis and on a defined benefit basis. However, the current rules provide little guidance in terms of how these plans should be administered. We're particularly concerned about two problematic areas relating to plans that provide DB and DC benefits that the current PBA and Bill 236 do not address.

The first relates to the rights of DC pension plan members when a DB/DC pension plan sponsored by an insolvent employer terminates without enough assets to pay promised pensions. In this situation, it is generally agreed that DC plan members' accounts should not be applied to fund DB benefits. However, neither the current rules nor Bill 236 state this. We therefore recommend that Bill 236 be amended to provide clearly that DC assets cannot be used to pay for DB benefits in order to ensure that legal disputes around this issue do not arise.

The second point relates to surplus rights in a DB/DC plan. As already noted, DC members should not be exposed to the risk of DB members' losses. It follows that they should not have a claim to DB surplus on plan termination. However, current rules seem to give surplus rights to all members of a DB/DC plan. We're therefore recommending that Bill 236 be amended to provide that DC plan members have no claim to surplus on plan windup in respect of their DC accounts.

Ms. Andrea Bector: The last topic we'd like to discuss today is on multi-employer pension plans and partial windups. Currently in Ontario, where a significant number of members of a multi-employer pension plan cease to be members, either as a result of an employer withdrawing from the plan or otherwise, a MEPP can be partially wound up with respect to such members. Where the MEPP is underfunded at the time of the partial windup, such members are paid their benefit at the funded ratio of the plan. This means that if the plan is 90% funded at the time of the partial windup, members will be paid 90% of their benefit.

Absent a partial windup, which Bill 236 takes away, the member would receive 100% of their benefit. That doesn't sound bad, but it is and here's why: If the plan is 90% funded and some members are being paid out at 100%, it reduces the funds available to the other members. Given that contribution amounts to multi-employer plans are generally bargained and set in advance, there is generally no means for the administrator to get more cash into the plan, be it from the withdrawing employer or the other employers who remain in the plan. The result is that members who leave are preferred over members who stay.

This is a bad result, and it is compounded by the fact that the Arthurs commission report advocates the increased use of MEPPs to expand pension coverage to more Ontarians. We're not advocating that the PBA be amended to keep partial windups for MEPPs. More importantly, we're not advocating for a US-style withdrawal liability for employers who withdraw from a MEPP. Withdrawal liability would without a doubt stifle the growth of MEPPs, and would therefore be contrary to the goals set out in the Arthurs commission report.

We are, however, saying that this issue needs to be addressed. We suggest that rules be added to the act, stating that a MEPP administrator need not pay out the lump sum commuted value of a benefit to a member where the funded ratio of the plan would be impaired or reduced as a result.

The Chair (Mr. Pat Hoy): That concludes your presentation?

Ms. Andrea Bector: Yes.

The Chair (Mr. Pat Hoy): Very good. We'll move to the government.

Mr. Wayne Arthurs: By this time in the day, and no disrespect to the presentation, but between MEPPs and MAPPs and SEPPs, partial windups, full windups, surplus assets, retired members, former members—I think I'm getting a better handle on it as we go, but having said that, it's not easy sometimes.

I'm only going to ask two questions, and if you could, respond to them in a fashion that this poor layman might understand as best possible. The first is on the issue of surplus, on the partial windup—I'm trying to think; I was looking specifically at your notes before I digressed—and the issue of the employer establishing ownership—I'll use that term—in the event that there is an agreement on a negotiated settlement: some clarity on the position would be helpful. I think I understand your position, but I'm just looking for continued clarity as we move forward on this.

The other question is around—it's a very simple one, I think; simpler—page 6 of the submission, the definition of retired members. You're asking that it not include a deemed provision and you provide an explanation as to why. What I'm not understanding in the bit of time I had to read it is why that's significant, whether or not someone who is deemed, i.e. they haven't yet received the pension cheque—why that's in some way significant, whether they're considered retired members or not.

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Mr. James Pierlot: I'll address the issue of the surplus. The point that we're making is very similar to what you heard from Ian McSweeney from Osler, Hoskin and Harcourt. The Bill 236 regime essentially replaces the old regime, which said that before the employer can get any surplus, you have to prove that you own it, then you have to go and cut a deal with the employees. Under the new regime, you prove that you own it or you cut a deal with the employees. That's a big improvement, but it doesn't apply to partial windups before 2012. So what we have is a situation where we've got two regimes: One

applies to full windups and the other just applies to partial. What we're saying is that if a partial windup is outstanding, as at the date that Bill 236 is passed, it would fall under the new regime and it would essentially get rid of the need to do all of that expensive legal review of documents and the delays—

Mr. Wayne Arthurs: Okay.

Mr. Mitch Frazer: Normally, they're treated the same, so this may be a technical oversight just for the fact that they're being eliminated in a year and a half, so that's it. But otherwise, by law, by case law and by statute, they have always been looked at as the same. So we're just trying to close that little loophole there.

Mr. Wayne Arthurs: Great. That's very helpful. And the second question is the issue of deemed—

Ms. Andrea Bector: On the retired member, we just think that the definition of "retired member" is awfully broad. It includes what we would typically call a deferred vested member, somebody who's entitled to retire under the plan but has not yet retired and does not yet receive a pension. The interests of a deferred vested member and a retiree can differ and the information that they would need to be provided can differ. To us, it would be more clear if we had retired members as members receiving a pension and have them as that discrete group.

Mr. James Pierlot: We're not suggesting that deferred vested members or former members should not receive information; we just think that they fall into a separate category and they should be defined separately.

Mr. Wayne Arthurs: Thank you. I appreciate that.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CAW LOCAL 1575, COCA-COLA HAMILTON

The Chair (Mr. Pat Hoy): For the committee, I understand that the 4:30 has not arrived yet, so I'll call the CAW Local 1575, Coca-Cola Hamilton.

You have 10 minutes for your presentation. There might be five minutes of questioning. I just ask you to identify yourself for our recording.

Mr. Mark Blaney: My name is Mark Blaney. I come here today representing CAW Local 1575 for the Coca-Cola Hamilton facility.

From 1986 to the spring of 2007, we belonged to the United Food and Commercial Workers union, known as UFCW. In January 1989, we joined the Canadian commercial workers industry pension Plan, which we refer to as CCWIPP, which replaced the Coca-Cola employee pension plan that we had up until that time, which was the ERP.

In the fall of 2006, we, the members, began questioning the investments and insolvency level of our pension with CCWIPP and began discussing our options of terminating our relationship with them. It became apparent that the only way to do this was to decertify and terminate our relationship with the UFCW. The

decertification and termination was complete in the spring of 2007.

By the summer of the same year, we entered into a service agreement with CAW and shortly thereafter became members. Our first contract as a CAW local was ratified in September of that year.

From that time to the present, there has been an ongoing issue about the commuted pension funds which were to be transferred from the CCWIPP to the ERP. I personally got involved with this issue in September 2009 and found that all the members under the age of 50 at the time of decertification had received 50% of the pension funds, the balance due to be transferred in April 2012. That was put into the Coca-Cola ERP or another secure financial vessel of their choice. The members over 50, such as myself, which make up about one third of the workforce, have received nothing to date and no information as to when the funds will be transferred.

I sent a letter to the Financial Services Commission of Ontario and to the assistant to the president of CAW; copies have been passed out. I claimed that because the members over 50 are treated differently and segregated based on our age that we are being discriminated against, and I insisted on equal treatment. Both the FSCO and the CAW responded with similar positions, quoting sections of the Ontario Pension Benefits Act, which I would like to address now.

The response from FSCO, dated September 18, 2009, and the CAW, dated March 4, 2010, brought my attention to a section of the Pension Benefits Act which causes me much concern; namely, section 42 of the act in which subsection (3) states, “Subsection (1) does not apply to a former member whose employment is terminated”—we were not terminated, we just withdrew from that plan, as far as employment goes; our termination had nothing to do with our employment—“and who is entitled to immediate payment of a pension benefit under the pension plan or under section 41, unless the pension plan provides such an entitlement.”

I find this section very disturbing because it gives the administrator of a pension plan the power to withhold funds with a veiled or cloaked discriminatory legal loophole. In this situation, CCWIPP uses this loophole with a clause for early retirement at age 50 with only two years' service, thereby denying these members the portability of transfer afforded to those under the age of 50. The way they achieve this is through the reduction of benefits by 6% per annum or 90% if early retirement is taken at age 50. A member retiring at the age of 50 would then only receive 10% of their benefits until the age of 60, at which time they would become eligible to claim CPP benefits with a 30% reduction and be locked in at that point indefinitely.

Since this reduction would serve as a financial deterrent for early retirement, I would suggest that this section, and any that are similar, creates a loophole and indeed promotes discrimination based on the age of the member. For example, if I and my other co-workers who are over 50 at this point—if at the time we terminated

with that plan, we were all 49 years 364 days and 23 hours old, this would not be an issue or applicable. Since there is a division or a line that divides and segregates the pension plan members and also applies different rights and services based on which side of the line one finds themselves, I would say that this is indeed age discrimination.

To remedy this I propose that portability for all pension members regardless of age be put into Bill 236.

The Chair (Mr. Pat Hoy): Thank you, and for the committee's information, the official opposition and NDP are going to switch their questioning. So it will go to Mr. Miller of the NDP.

Mr. Paul Miller: Good afternoon, Mr. Blaney. It's my understanding from your submission that in your original plan you were with the Canadian commercial food workers—

Mr. Mark Blaney: UFCW.

Mr. Paul Miller: UFCW, and your local decided to withdraw; you voted on it—

Mr. Mark Blaney: We decertified; right.

Mr. Paul Miller: You submitted your removal from their plan. You switched to the Coca-Cola plan under their auspice, their jurisdiction, and in the transition period, you were not notified of the status of your personal pension situation, and a third of your workers were not told how much is there. You've been trying to find out.

Mr. Mark Blaney: Nothing. Nothing has been—

Mr. Paul Miller: And they haven't told you if it has been transferred or not?

Mr. Mark Blaney: No, they haven't given us any information whatsoever. The previous president of our local has been calling FSCO about that. So has the president that we have now, as well as the plant chair, and it's the same thing: “We're working on it. We're looking at it.”

Mr. Paul Miller: They're working on it. They should know by now.

Mr. Mark Blaney: You'd think.

Mr. Paul Miller: When did you leave the plan?

Mr. Mark Blaney: We left the plan in April 2007. When we terminated our relationship with UFCW, it also terminated the relationship with CCWIPP.

Mr. Paul Miller: And it's been three years, almost, and you have received no information on the status of your personal plan and your fellow workers?

Mr. Mark Blaney: Absolutely nothing.

Mr. Paul Miller: Which I find remarkable, to say the least. I mean, what happened to freedom of information?

Secondly, you are being penalized, from your impression of the way it's laid out—that the workers 50 and under received their—

Mr. Mark Blaney: They get 50% now.

Mr. Paul Miller: They got 50% upfront, and then they transferred to the Coca-Cola new plan.

Mr. Mark Blaney: They were able to transfer it to Coca-Cola or they could put it into a RIF or whatever, some kind of secured vessel.

Mr. Paul Miller: A RIF or whatever; they had an option.

Mr. Mark Blaney: Yes.

Mr. Paul Miller: You had no option.

Mr. Mark Blaney: We have no options at all.

Mr. Paul Miller: So you feel that not only are you being discriminated against, you're also kept in the dark about the status of your pension plan.

Mr. Mark Blaney: Absolutely.

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Mr. Paul Miller: Well, this is unbelievable, in my opinion. This should definitely be brought forward. I can't believe that in this age of information, we can't find out the status of this gentleman's personal situation from FSCO. I'm glad this is going on record. I find this disgusting. How many workers are we talking—

Mr. Mark Blaney: We're talking about one third of the workforce in Hamilton, so we're talking around 35 men, roughly—about 35 people right now.

Mr. Paul Miller: Thirty-five people working for Coca-Cola don't know the status of their pension plan. This is obviously another bad, bad thing that's going on that has to be rectified. I'm glad you brought this forward to us today because I wasn't aware of this horrendous situation. The gentleman simply wants to know where he stands, how much he's got in his pension plan, when he can collect it and why is he being penalized because he's over 50 years old.

Mr. Mark Blaney: And I'd like to be able to do what the other guys can do who are under 50. It's not my fault I was born in 1951.

Mr. Paul Miller: You should have waited a couple of years.

Mr. Mark Blaney: I had no say in the matter.

Mr. Paul Miller: That's terrible. Thank you for your submission. I hope this is going to be passed on to FSCO, because I can't believe this. Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Mark Blaney: My pleasure. Thank you very much.

CANADIAN UNION OF PUBLIC EMPLOYEES

The Chair (Mr. Pat Hoy): I'll call upon the Canadian Union of Public Employees to come forward, please.

Mr. Wayne Arthurs: Chair? It's not really a point of order; just as CUPE is coming forward—and we're happy to hear them—just to let you know that I concur with the members opposite in a unanimous way to vary the order, recognizing that some of our deputies are out of order. But I prefer, where we can, and I'm sure the members opposite agree, to maintain the order that we had established around the table.

The Chair (Mr. Pat Hoy): Very good. Now, gentlemen, you have 10 minutes for your presentation. There could be up to five minutes of questioning. If you identify yourselves, you can begin.

Mr. Fred Hahn: Thank you. My name's Fred Hahn. I'm the president of the Canadian Union of Public Employees in Ontario. With me here today is Brian O'Keefe, who is our past secretary-treasurer and is a pension consultant with our union.

CUPE, as many of you will know, represents 230,000 workers in Ontario in the broader public sector: in schools, hospitals, long-term-care facilities, universities, social service agencies and municipalities.

We want to start by saying that we were happy to see the establishment of the Ontario Expert Commission on Pensions, whose mandate quite properly asserted the importance of maintaining and encouraging a system of defined benefit pension plans in the province of Ontario. We're urging you today to continue to consider this as a guiding principle as we move forward with pension reform in the province. In our view, Ontario and Canada's retirement income system has to be strengthened in order to address the declining pension coverage in secure defined benefit plans; ensure that every senior has adequate income in their retirement; and ensure that there's legislation in place to protect pension benefits.

In the wake of the massive financial meltdown of 2008-09, there has been a widespread acknowledgement that the RRSP system has simply and utterly failed to provide a retirement income system that Ontario workers need. We need to consider the example of a couple of people with investments, both worth \$100,000. On May 1, 2008, the first person would retire in May of that year and could have bought an annuity that paid \$7,614 a year for life. Six months later, the second person would have bought an annuity with the same amount of money that would only have paid \$4,720 as a result of the market downturn.

As we've continued to insist, the RRSP system simply is not a model that can provide us with any meaningful form of retirement security. A growing body of research continues to show that a defined benefit pension model can provide a secure retirement income for as little as 46% of the cost of a defined contribution plan. Clearly, pooling risk and other significant efficiencies and cost savings are there in the defined benefit model. What we really need in Ontario is a pension system that will empower workers to build a secure, adequate retirement income through a defined benefit model that provides coverage through their working careers.

Bill 236 moves in the right direction on several points. We want to support the recommendations in the bill that call for immediate vesting, improved disclosure, changes to grow-ins and some improved portability rights for our members. We support the strengthening of advisory committees and the clarification of the role of trade unions, who act on behalf of workers.

We support proposing new rules that will increase plan members' access to plan information. The rights of plan members to get appropriate and secure funding of their pension promise will continue to be at risk as long as there is no requirement on the part of employers to fully disclose plan details, including full disclosure of

employer contribution holidays and any other surplus allocations.

We do, however, have concerns with the legislation, and we would ask for amendments in the following areas:

There are recommendations introduced around small pension amounts and phased retirement that we think raise a number of serious concerns. The bill does not address the issue of the growing number of workers who don't have access to full-time employment and face restrictions on their access to full pension plans as a result.

The bill expands on the existing authority of plan administrators to force a lump-sum payment of small pensions on plan members or a surviving spouse on termination, retirement, death or marriage breakdown. We believe this will weaken the bill's provisions for immediate vesting. That change would erode the protection of spousal rights and improved portability gained in past reforms.

We continue to be concerned about pension plan members who have been victims of downloading of services, divestments or ongoing privatization and who, through no fault of their own, have lost some portion of their pension entitlement.

In general, the lack of meaningful portability between defined benefit pension plans is a serious weakness of the existing system. Ontario needs to strengthen the protections for pension benefits that plan members have already earned, improve portability rights and provide for greater individual choice in the case of transfers.

CUPE also has a number of concerns about the proposed "flexibility" that is supposed to come with phased retirement. These concerns include the fact that we are completely opposed to a framework that would permit employers to provide particular benefits to pension plan members on an individually selected basis. We feel that it is the role of pension legislation to protect pension plan members from this kind of potential discrimination.

We strongly support the recommendations in the Arthurs report, which calls for more research to be done on the issue of phased retirement to examine the financial implications that it would have on pension plans

In conclusion, we want to say that we cannot lose sight of the fact that the purpose of pension plans is to provide for a secure lifetime pension income for plan members and that workers in Ontario need access to decent-paying full-time jobs that will include access to a defined benefit workplace pension plan.

Our brief details the amendments that we're seeking in the bill. We believe that these amendments will not only strengthen the legislation but will actually make it more consistent with the Ontario Expert Commission on Pensions. We know that there are further reforms coming, and we look forward to speaking on those reforms. For now, that's what we would like to say on this piece of legislation.

The Chair (Mr. Pat Hoy): Thank you. This round of questioning will go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you for your presentation. I'll begin with the comments that you've made on phased retirement. You've expressed some concerns to do with phased retirement. Maybe you could expand on those concerns.

Mr. Fred Hahn: We're well aware that there may be some workers who would be in favour of phased retirement. The reality is that what we believe phased retirement can do in many ways is not only potentially endanger the financial health of a pension, but what it also does—pension plans were never set up to support or to supplement part-time employment, and they were never set up as a way for employers to create cheaper pools of labour, which, in fact, is what phased retirement would do by way of having the employer only paying part-time for the worker and the pension plan paying the other part.

Mr. Norm Miller: Phased retirement: I assume that's where somebody hits retirement age, and for whatever reason, the worker decides that they want to continue to work, perhaps part-time. In that scenario—I don't know how you necessarily work it out—would they be able to draw their pension a couple of days a week and then contribute to it the other days of the week, for example?

Mr. Fred Hahn: It used to be in legislation that you either collected your pension or you were working for the employer. There are concerns we have about the issue of flexibility. If a worker were allowed to continue to work and somehow collect some wage from the employer and also potentially collect from their pension plan, what this would do, as we said, is endanger the financial health of the pension plan; make pension plans actually be this supplement to part-time employment, which they were never intended to do; and create a pool of cheap labour for employers that is unnecessary and not helpful to the economy in the long run.

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Mr. Norm Miller: Okay. I'm not quite sure how it endangers the financial health of the pension plan if they're, I guess, entitled to the benefits anyway and they're contributing on the days when they work.

Mr. Fred Hahn: Because part-time workers—it's another one of our concerns—aren't often able to contribute to the pension plan. If you get two people who are being flexible and who are working part time, and part time taking from their pension plan, they've replaced a full-time worker who would be contributing to the pension plan.

Mr. Norm Miller: Okay. I missed one point that you talked about: defined benefit versus defined contribution being the cost—and this is the point I missed. I heard 46% but I didn't really catch what point you were making there.

Mr. Fred Hahn: There's a growing body of research that continues to show that defined benefit pension plans are more efficient and they create a better outcome: 46% of the cost of a defined contribution plan. The cost is less than in a defined—

Mr. Norm Miller: So a defined contribution plan costs 46% of a defined benefit plan? Is that what—

Mr. Fred Hahn: A defined benefit plan costs as little as 46% of the cost of a defined contribution plan.

Mr. Norm Miller: Okay.

Mr. Brian O'Keefe: That centres around the pooling of capital. It's a cheaper way of doing the business.

Mr. Norm Miller: Okay. I think Toby has a question.

Mr. Toby Barrett: Just a very quick question. I'm just trying to sort out what some of this means as far as small pension amounts. For example, say a young person right out of school works in a hospital for two years and then they quit. Are you okay with the fact of them getting a payment in lieu for their pension contribution—to cash out? It's their money that they've built up.

Mr. Fred Hahn: Our concern with this particular bill is that it provides more authority to plan administrators to force those kinds of lump sum payments rather than having individual choice about it.

Mr. Toby Barrett: So you favour the choice, then, negotiated with the employer and human resources?

Mr. Fred Hahn: We think that in case of legislation, what we would prefer is that people would be able to port and move their contributions between pension plans.

Mr. Toby Barrett: Certainly. But say they're right out of high school, they work for a couple of years in a hospital, and they want to cash out and maybe start building a house or something.

Mr. Brian O'Keefe: Yes. We have a real concern. That centres around the position that we've taken on the cash-out of small amounts. The problem with that is it could be very discriminatory around a lot of workers in insecure employment who are moving from one workplace to another. They're accumulating small, little pieces of pension. There's a potential for them all to be transferred into an RRSP, but because of the trend towards greater facility to receive cash payments, it may end up being a situation where all that these workers would get would be cash payments.

It's a dangerous trend. We understand the administrative convenience of that, but it's discriminatory against a lot of workers in insecure employment.

Mr. Toby Barrett: So if they didn't cash out, they would get it eventually, like 30 or 40 years later.

Mr. Brian O'Keefe: Correct.

Mr. Toby Barrett: Okay.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

OMERS PENSION GROUP

The Chair (Mr. Pat Hoy): Now I call on the OMERS Pension Group to come forward, please. Good afternoon. I've noted that you've been sitting there for quite some time and likely could do this yourself, but if you would give your names, I think you understand that you have 10 minutes and then five minutes of questioning. You can begin.

Mr. Andrew Fung: Thank you very much. Good afternoon, everyone. My name is Andrew Fung. I'm a senior vice-president with OMERS Pension Services as well as the in-house actuary with OMERS Administration Corp.

Mr. John Poos: My name is John Poos. I'm the executive director at OMERS Sponsors Corp.

Mr. Andrew Fung: I'd like to make a few brief introductory comments and then we'll move on to answer any questions that you may have.

First of all, let me explain what OMERS is. We are a pension plan for municipalities and related employers of Ontario, covering about 900 employers and 400,000 members, pensioners and active members combined. We are a jointly sponsored pension plan, which means that members and employers share in the funding, 50-50, of the pension plan as well as making decisions about plan design and contribution rates.

OMERS has a long tradition of strong employer and member governance. That governance structure was provided to us via the OMERS Act, providing that OMERS is administrated by the OMERS Administration Corp., dealing with investment and actuarial evaluations, whereas the sponsor's corporation will make changes on benefits and contribution rates. We also are a well-known, large pension fund pursuing a global investment mandate and one of the top-performing pension funds in Canada.

As our submission indicates, OMERS welcomes Bill 236 as a first step in pension reform. We are pleased to see that the Ontario government is moving forward with many items brought forward by the Expert Commission on Pensions, and many of these issues, frankly, are the subject of stakeholder concerns in many respects.

OMERS also welcomes the opportunity to be able to comment on the bill to provide technical input because we believe that technical input is critical for the success of the pension system. We will continue contributing our time and expertise to the government reforms.

Our submission focuses on three priorities, and they are grow-in, transfer of assets, as well as phased retirement.

On grow-in, Bill 236 extends grow-in benefits in many situations and provides for an election for jointly sponsored or multi-employer pension plans to opt out of it. The expert commission report recommended that jointly sponsored pension plans and multi-employer pension plans be exempted. Whether it is an exemption or an election to exempt, to opt out, OMERS' position is that this should be available immediately after the bill is passed and not to wait until 2012.

Second, the bill makes a number of very positive amendments to the PBA to facilitate transfers of assets in a range of scenarios, and we are pleased to see that member consent is either a requirement or an option, depending on the circumstances, for transfer of assets to a successor employer pension plan. However, we believe that for these provisions to be effective, we need to recognize specific flexibility to address the situation of

jointly sponsored pension plans and multi-employer pension plans like OMERS. In particular, the rules with respect to funding need to recognize the special attributes of JSPPs like us, and of MEPPs.

The approach, in particular the application process, for the transfer of assets should also be more suited for multi-employer pension plans and JSPPs, many of which have multiple employers and former employers that no longer exist.

The bill includes provisions that also allow pension plans to provide phased retirement. OMERS supports provisions for phased retirement and recommends that there should be flexibility for the phased benefit formula and allow the full pension to be affected by the phased retirement.

These are all priority issues of significant financial impact to OMERS. OMERS has made submissions on these issues through the expert commission process over the last few years, and we included in appendix 1 some technical details with respect to our submission.

Finally, we are happy to see the government renew its commitment to consult on regulations in the recent budget. The regulations related to this legislation will be highly technical and will need that consultation, given the far-reaching effects on pension plans.

We are happy to answer any questions that you might have at this point.

The Chair (Mr. Pat Hoy): Thank you very much. This round of questioning goes to the government.

Mr. Wayne Arthurs: Talk to me a little more about the issues around transfer of assets—commentary on either required or optional provisions. You read through the presentation, which I appreciate, but I'd like kind of a lay perspective to build on that a little bit.

Mr. Andrew Fung: Yes. In general, we are happy to see that transfer of assets, allowing members to transfer from pension plan to pension plan to be able to join their pension benefits.

What we're talking about there is that a lot of the details will be in the regulations. In many situations, JSPPs and multi-employer pension plans are unique in the sense that the expert commission talks about a different funding regime, for example, for these pension plans. In some of these transfer situations, special funding is required. What we're saying there is that all of these have to be tied in. Hopefully we'll see some of those coming in in phase two of the reform.

Second, in most situations, the administrator will be the only logical person, or company or entity, to be able to stakehold that transfer from application to application, because some of those employers who have been divested no longer exist. All we are trying to say there is that the regulations and the details should recognize some of those specialties of the multi-employer pension plans, because, frankly, multi-employer pension plans and JSPPs cover a lot of memberships. Our plan covers 400,000. So most of those transfer provisions will affect pension plans like ours. We just want to recognize that up front.

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Mr. Wayne Arthurs: Two other quick things: One, thank you for your offer of continuing in this process, because obviously the regulatory regime becomes an important part once the legislation is done.

Finally, in the 2009 budget bill, we provided for OMERS an opportunity to manage third party assets. You mentioned that the OMERS pension structure is sound. Has that benefited the pensioners, that capacity that you have now to manage third party assets?

Mr. Andrew Fung: That's certainly a very welcome change for OMERS, to be able to capitalize on the expertise that OMERS built over the years in terms of administration as well as investment. We are currently working and putting infrastructure in place for us to be able to manage third party funds. We are proceeding along that direction. Again, this is a very welcome change for OMERS.

Mr. Wayne Arthurs: Thank you so much.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

NORTEL RETIREES AND FORMER EMPLOYEES PROTECTION CANADA

The Chair (Mr. Pat Hoy): For the committee, I understand that our next two presenters haven't arrived yet, but Nortel Retirees and Former Employees Protection Canada are willing to come forward now. If you would identify yourselves for the purposes of our recording, you can begin with your 10 minutes, followed up by five minutes of questioning.

Mr. Mike Moorcroft: Thank you. Good afternoon. I am Mike Moorcroft, the GTA chair of Nortel Retirees and Former Employees Protection Canada.

Mr. Ron Olsen: My name's Ron Olsen. I'm an actuary with the Segal Company, and we are advisors to the Nortel retirees protection committee.

Mr. Dave Agnew: I'm Dave Agnew, member of the executive of the Nortel retirees group.

Mr. Brian Clark: And I'm Brian Clark, member of the Nortel retirees group.

Mr. Mike Moorcroft: Thank you for this opportunity to address the committee. The NRPC represents the interests of Nortel's pensioners, former employees and long-term disabled in the ongoing bankruptcy proceedings.

First, I'd like to address those things that we like in the bill. The NRPC especially likes the proposed changes to the vesting and spousal benefits provisions. In the high-tech world—and more recently within the general population—employees frequently change jobs and partners. Vesting is often lost and division of benefits is complex. Bill 236 goes a long way to correcting this situation.

Another area where we applaud the new provisions is in the enhanced reporting to employees and pensioners. Most are unaware if problems exist with their pension plans. It's only in times of crisis, such as with Nortel, that they take a good look at the details. By then it may be too

late to correct the problems. The proposals for better information, increased frequency and wider distribution are long overdue.

In addition, NRPC would like to see reporting widened to encompass other retirement benefits. Today, retirement planning includes such items as medical and dental coverage, life insurance and a number of other issues. With an aging population and individuals living longer, a growing number of pensioners depend as much on these supplementary benefits as they do on their pension income. NRPC recommends that the committee expand reporting to include disclosure on the funding of supplementary benefits.

Other areas of Bill 236 which we find particularly favourable include the proposed provisions on portability and transfer and on phased-in retirement.

This bill enables many good improvements, and we congratulate the government on starting forward in this direction with pension reform. It's a step in the right direction, and NRPC supports the changes.

However, as we appear before you today, it's difficult to be optimistic regarding the provisions of the bill. None will alleviate the hardships that await many of Nortel's 19,000 pensioners, former employees and disabled with the windup of the company and their pension plans. Even after factoring in the Ontario government's commitment to honour the top-up of the pension benefit guarantee fund, the average Nortel pensioner in Ontario stands to lose between 15% and 25% of their total retirement income. For those in other provinces, this loss will be 30% and higher.

Our main concerns with the bill are in the areas of worker coverage and distressed or stranded plans. They are outlined in our brief attached to this presentation.

This afternoon, of necessity, I will focus on the most critical omission to NRPC: the lack of any proposed improvements to the conventional windup annuity purchase process for stranded plans, a practice which only further depletes already underfunded plans such as Nortel's. For nearly a year, NRPC has been working with the government to construct a solution which would not result in this conventional windup but, instead, permit plan recovery to occur with the improving economy and markets.

At the February pre-budget hearings of this committee, NRPC proposed the creation of a provincially managed Ontario pension agency to handle such plans. The Ontario Expert Commission on Pensions recommended this concept above all others for stranded plans. Our proposal clearly outlined the benefits to the province and pensioners of not winding up the plans but maintaining them at a sustainable level.

During the recent federal finance committee hearings on pension plan security, both the Canada pension plan and the Ontario Municipal Employees Retirement System stated they were prepared to handle stranded pension plans if legislation permitted. The Ontario Pension Benefits Act has provision for such a facility but it has never been enacted. The Ontario pension agency

would benefit not just Nortel's pensioners but pensioners of other distressed companies such as CanWest, Fraser Papers and many more.

Our conclusions today remain the same as in February. The creation of the Ontario pension agency was strongly recommended by Arthurs. It is not a bailout. It provides a substantially higher payout to pensioners at potentially no cost to the taxpayer and significantly lowers the provincial payout of the PBGF.

Today, we are again requesting the government to act immediately to create an Ontario pension agency. For Nortel's pensioners, there is no time left. I wish we could wait to see what was in phase two of these changes that are coming later this year, but there is no time left for us. Nortel has stated it will cease sponsorship of the plans by September 30. That's the last date; it may be sooner. Unless the government acts quickly, the plans will be wound up and annuitized, resulting in a needless and exacerbated 30% cut in pension payments to those least able to recover.

With the Ontario pension agency, there is a win-win on the table. We strongly urge all MPPs to solicit the support of their caucus and that of the government to act now before it's too late.

Thank you, gentlemen.

The Chair (Mr. Pat Hoy): Does that conclude your presentation?

Mr. Mike Moorcroft: It does.

The Chair (Mr. Pat Hoy): Okay. This round goes to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you for your presentation. I'd like to start with the critical mission part of your presentation and just ask a few questions to do with that. You're suggesting that an Ontario pension agency be created, which would be home for pensions that are orphan pensions, like the Nortel pension.

Mr. Mike Moorcroft: In the Arthurs report, the Ontario pension agency was recommended as the way to go for stranded pension plans. It could be used for many other things, but it certainly is the way to go, and that's what we're recommending.

Mr. Norm Miller: I gather, then, the assets of your pension go into this agency and then they're managed, instead of being annuitized.

Mr. Mike Moorcroft: That's correct.

Mr. Norm Miller: Maybe you could explain to me the risk to the government or to taxpayers of that plan, and I guess also the risk to Nortel and Nortel pensioners. The hope is that it's well managed and the economy improves and it goes up in value, but what happens if that doesn't happen, or, in a worst-case scenario, we get another recession and it goes down in value?

Mr. Mike Moorcroft: We've been working closely with the government for the last year, as I indicated, to try to identify those sorts of questions that they may have. With respect to the risk, we've attempted to put together various options of the plan. It could be a completely provincially run agency; it could be a combination through something like OMERS or CPP; it

could even, we believe, be privately run. There are examples overseas of privately run agencies—orphans, let's call them—that could deal with this also. The risk level has to be in the details in terms of how the plan is put together, how the agency is set up. Until we get into those sorts of details—and we're not there yet—we will not be able to identify the overall risk to either the government or the pensioners. We would hope it could be backstopped to the level of the minimum that it would be today, and that's the position we're going in with currently.

1650

Mr. Norm Miller: But was it Arthurs's recommendation that it be backstopped, or no?

Mr. Mike Moorcroft: From my understanding of the Arthurs report—and I must admit that it was a while ago since I read it—I don't believe he actually had a backstop in there.

Mr. Norm Miller: So, in other words, there's risk involved.

Mr. Mike Moorcroft: There is risk involved, like anything new that comes along. In our proposal, we suggested that the PBGF current level of funding would be the base that people could go to, because with anything new, there will be risk, but if we're going to be the guinea pigs, we'd like to have a little backup, especially for pensioners who are down at the lower level of the pension and would normally get a full pension top-up from the PBGF.

Mr. Ron Olsen: Sorry; can I add a comment? In my role as providing actuarial input—the concept of the orphanage, as put forward by our group, is one where, yes, there would be a floor of protection that would be set at what could currently be purchased in the marketplace for annuities. That floor, though, would also have a ceiling. In any event, if the assets of the plan performed well, the thought is that the taxpayer would have a call on assets above some certain amount. I would envision it probably in the context of a government orphanage—the Ontario pension agency is 100% of the pensions. So, in effect, you could think of this arrangement as almost creating two options, where the members have protection—and that's the risk to the taxpayer—but the taxpayer has a call on assets in excess of a certain amount. Again, without knowing all the details, it's extremely difficult to value those two options. But in some sense, it's a swapping, where the taxpayer is in a situation where the taxpayer can in fact win. It isn't all a one-sided risk.

Mr. Norm Miller: Can you run me through how it significantly lowers the provincial payout of the pension benefits guarantee fund?

Mr. Mike Moorcroft: Very simply, with the agency, we would see the drop in payout to pensioners come to some level between where it is today at 100% and where it would be after the 31% windup and annuity purchase that we're currently looking at—probably some sustainable level, about 10 to 15 percentage points above that, which would take it to around 80%.

Mr. Ron Olsen: The problem with the current windup process is that it's a point in time; it's an instant. Although everyone here thinks in terms of their pension as something that's going to continue over 30, 40, 50 years—a very long period of time—in the event of plan windup, only by coincidence would the capital markets happen to be favourable for the purchase of annuities. To the extent that the capital markets are not favourable for the purchase of annuities, it's the taxpayer who gets stuck with the bill, and that's the problem in the current PBGF system. To the extent that annuity markets are not favourable—and they are not now—that shortfall, up to the \$1,000, and hopefully something higher, as recommended by Professor Arthurs, and I think he had it right, really means that the taxpayer has to pay an additional amount to the insurance industry to reflect where capital markets are at that instant.

The concept of the Ontario pension agency is one where, although the plan sponsor has failed, the plan has not failed. So we continue to have a long view. We continue to have the plan invested in the way in which all pension plans, OMERS included, are invested for a long period of time. Yes, there's going to be tremendous volatility along the way. In fact, I think most folks here recognize that that is a big issue today in the capital markets, and it's that issue that really strikes at the reason why proper governance of our pension system requires an Ontario pension agency.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

For the committee, our 5:15 and 5:30 have not arrived yet—we expect the 5:15 at any time now; they're on their way—so we'll recess until one of these persons arrives. I would ask you to stay by the room because, as soon as they walk in, we'll start up.

The committee recessed from 1655 to 1702.

SERVICE EMPLOYEES INTERNATIONAL UNION

The Chair (Mr. Pat Hoy): The standing committee will come to order once again. I believe we have in front of us the Service Employees International Union; correct?

Mr. Jacob Leibovitch: That's right.

The Chair (Mr. Pat Hoy): You have 10 minutes for your presentation. There could be five minutes of questioning coming from the NDP in this round. If you'd just identify yourselves for our Hansard, you can begin.

Mr. Jacob Leibovitch: I'm Jacob Leibovitch, executive director of SEIU Canada.

Mr. Eoin Callan: My name is Eoin Callan, director of capital stewardship and public affairs, SEIU Canada.

The Chair (Mr. Pat Hoy): You can begin.

Mr. Jacob Leibovitch: Just by way of introduction of our union, the Service Employees International Union is the fastest-growing union in North America, with 65,000 members in Ontario and 2.2 million public and private sector members in North America. Our members work

primarily in health care, long-term care and property services.

The SEIU capital stewardship program was created in 2000 to facilitate a more active partnership between SEIU and the trustees, administrators, advisers and investment managers of our members' pension savings in the pursuit of benefit improvements and prudent, responsible and financially sound investment policies and regulations.

SEIU capital stewardship advocates on behalf of the retirement savings of SEIU members from across North America who participate in 50 public sector pension plans and 20 private sector pension schemes with approximately \$1.2 trillion in assets, representing about 16% of North America's pension assets.

In addition to the large schemes in which our members participate, SEIU directly manages, through a trust, the pooled assets of three multi-employer pension schemes. Together, the three schemes have \$2 billion in assets on behalf of more than 50,000 participants and beneficiaries. It is in the interests of those members that I appear here today to encourage the committee to respond to the financial and economic crisis, both with timely reforms that will provide immediate relief and measures that will ensure the long-term health of our retirement savings system.

As you know, pension funds seek long-term returns to cover their long-term obligations. Yet despite the need for pension funds to focus on horizons that match the longevity of all plan members, capital market pressures are decidedly short-term. The financial crisis exposed the fact that pension funds have often assimilated the short-term priorities of capital markets, making near-term decisions to the detriment of their future obligations and long-term interests. In turn, many short-term capital market practices, which pension funds have helped to foster, from naked short selling to securitization as a substitute for sound underwriting, have proven to be unsustainable, leading to the financial crisis. The financial crisis has, in turn, caused severe economic distress across Canada and the world, causing significant industrial employers in Ontario to declare bankruptcy and wind down underfunded pension plans.

The economic crisis has exposed a great deal of vulnerability in employer-sponsored pension plans. Employers in the industrial sector are shutting down and declaring bankruptcy, and single-employer pension plans are being wound up underfunded. In this context, we are calling on the government to heed the advice of the Ontario Expert Commission on Pensions and increase the level of guaranteed benefits to \$2,500.

In addition to this immediate relief, we must also take the opportunity to make more long-term reforms. With this in mind, I turn you over to my colleague Eoin Callan.

Mr. Eoin Callan: Certainly the financial and economic crisis has been a humbling experience for many. In the space of a few months we saw \$4-trillion worth of value in pension-fund-held public equities wiped out. Overnight we saw pillars of Wall Street collapse. Indeed,

as you'll be aware, the likes of Alan Greenspan, at a hearing not totally dissimilar to this one, commented that there was clearly a flaw in the model, as he put it. To quote him directly, he said, "I made a mistake in presuming that the self-interests of organizations ... were such that they were best capable of protecting their own shareholders and their equity in the firms."

It's true that Canada's financial system has held up better than many, and indeed it's a credit to our province that the work of building a more sustainable and durable retirement security system was begun in 2006 in earnest by the Arthurs commission.

That said, it's not a moment for hubris. To simply carry on as we were before and not respond to the profound nature of the crisis we've just witnessed would be to invite punishment the next time there is a downturn in the economic cycle. That punishment, again, like today, would be felt most directly by Canadians through the loss of jobs, retirement income and pension security.

Fortunately for the committee, in the wake of a crisis like we have witnessed, there are solutions already being developed and offered up. So we would encourage folks to look ahead to the opportunities to act on the Arthurs commission recommendation 8-23, which I'll remind you, though I'm sure you're familiar with it, said, "Plan statements of investment policy should reveal whether, and if so, how ... responsible investment practices are reflected in the plan's approach to investment decisions."

I'll just underline some additional, fresh research that suggests, in acting in this direction, you would be acting with strong public support.

A recent poll found that an overwhelming majority of Ontarians and Canadians—79%—want sustainability to be a major priority. They see a link between the economic crisis and unsustainable investment practices and unsustainable business practices. Those numbers hold up across the board when one queries the public around the link between developing more sustainable business and investment practices and future prosperity. The numbers come in steadily around 79%, 80%, 82%.

In addition to the work of the expert panel and public opinion, there has also been very strong work done by pension fund practitioners, chief investment officers from some of the larger funds here in Ontario and across the country, to develop a more prudent, long-term approach to investing that takes adequate account of the long-term liabilities of the plans they govern and they invest on behalf of.

Amongst the factors that I'll just finally underline for you, in addition to ensuring that funds take better account of environmental, social and governance risks associated with their investments, there's increasing appetite for ensuring that they take adequate account of systemic risk.

Systemic risk is exceptionally difficult to identify, to detect, in advance, yet the impact of a systemic shock to the system can be profound. In order to ensure that we develop new systems for monitoring and acting to prevent a buildup of systemic risk, we've certainly seen the G20 finance ministers and central bankers already

commit to developing global systems for monitoring systemic risk, but what they have also noted is that at a provincial level and a jurisdictional level, where pensions funds are regulated, there's not yet a similar commitment to action to develop systems for identifying and addressing systemic risk.

1710

The Arthurs commission recommendation provides an opportunity to make an important step in this direction. We would be recommending that pension funds be compelled to disclose annually the consideration, if any, that they have given to environmental, social, governance and systemic risk factors in the management of their investments.

I'll wrap up there.

The Chair (Mr. Pat Hoy): That concludes your presentation?

Mr. Jacob Leibovitch: Yes.

The Chair (Mr. Pat Hoy): The questioning will go to the NDP. Mr. Marchese.

Mr. Rosario Marchese: Thank you both for coming. I should just tell you in advance that I'm replacing our critic, who has much more expertise in these areas than I do. But I do have a couple of questions, and one of them has to do with the comment you made about pensions being overall threatened at all levels. I know that the CLC at the national level is talking about doubling the CPP, which I think makes sense, and at the provincial level what we're proposing is that we show leadership, because I think when the province takes leadership we force the federal government to do something by way of reforming those pension plans. Unless we do that, I think we're going to have some problems. I wonder whether you had a chance to look at the proposal that the Ontario New Democrats made, which is called the Ontario retirement plan, and if you have, do you have any comment?

Mr. Eoin Callan: I think we would make a couple of comments. Certainly there's a long history of achieving significant social reform in this country where provinces have shown leadership and asked first, not least in the area specifically of pensions and retirement security, where provincial leadership played an important role in bringing about the creation of the Canada pension plan. So there's a long and proud history of provincial leadership to bear in mind when considering these questions. Indeed, we would echo the calls that we've heard from other provinces and from a number of stakeholders that a national pension summit be convened to consider the retirement security challenges that Canada faces.

I think we would also note that the plan you're referring to that was released a few weeks ago very quickly got an expression of interest and qualified support from the Ontario Teachers' Pension Plan; from the Ontario municipal employees retirement system plan, OMERS; and also at a board level, we're certainly aware got indications of interest and support from the healthcare of Ontario pension plan. Those are plans that

represent combined assets of in the neighbourhood of \$150 billion to \$200 billion, so those are significant entities in Ontario but also in global capital markets. We would take the strong interest in the plan by those funds in which we have members, in which we play a role as governors and trustees, as a sign that it appears to be a step in the right direction.

Mr. Jacob Leibovitch: If I could just add too: We would also support, both at the federal level through the CLC proposal and at the provincial level, any expansion of benefit coverage for seniors and those who are members but also those who are our community who are approaching retirement age, in terms of income security for seniors.

We're also pleased, I think, with the direction of supporting in both cases the defined benefit approach to income security for seniors. We might note that at the last session of the Canadian Labour Congress, there was a discussion of pension reform. Federal Finance Minister Flaherty came and addressed the crowd and was listening to the proposal and engaged in conversation and, I think as recently as this week, made some positive comments about the CLC proposal in the federal Legislature. So there does seem to be quite a bit of—well, I don't know if I'm overstating it—there seems to be some momentum moving in that direction.

Mr. Rosario Marchese: I think you're overstating it. That's my theory.

Mr. Jacob Leibovitch: I'm hopeful.

Mr. Rosario Marchese: My sense is that the federal government will do nothing. Our Premier is saying that we need a national plan, and I agree with him; my sense is that that won't happen. That's why we're pressing for the government to show some leadership, because once we do, then it will force the federal government to do something. The fact that 65% of folks don't have any pension is a serious problem. It's going to cause greater discrepancy and greater division as we go on in the future; that's why I wanted your comments.

I have one quick question before you go. The bill does not establish an Ontario pension agency, which would manage stranded pensions. I think some people were expecting that that might happen. Do you have a view on that?

Mr. Eoin Callan: Yes. Clearly, the challenges facing Ontarians, particularly those without any employer-based pension provision or those who have not been able to or have not made arrangements for their own retirement security, is a pressing social policy concern of ours. That's shared by many constituents. It extends slightly beyond the remit of Bill 236 as it's currently configured. The need to develop an approach at a provincial level and then ultimately at a national level that is based on a simple principle of shared risk and shared reward seems imperative.

Mr. Rosario Marchese: Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

UNITED STEELWORKERS

The Chair (Mr. Pat Hoy): I would ask the United Steelworkers to come forward, please. If you would state your name for our recording Hansard, you can begin.

Mr. Charles Campbell: My name is Charles Campbell, and I'm representing the Canadian national office of the United Steelworkers union.

We have a membership of about 250,000 workers across Canada in virtually every industrial sector. Our membership goes beyond steelworkers, mine and smelter workers to also include workers in universities, light manufacturing, retail, banking, health care, private security and all sorts of other areas.

The workers that our union represents are often members of other provincially or federally regulated pension plans, but the majority of them participate in Ontario-registered pension plans, so, even more than might otherwise be the case, we're especially pleased to have this opportunity to comment at the committee on Bill 236. I think everybody here is showing a special commitment to the issue to be here on such a beautiful day at the beginning of a long weekend.

You have our written submission, which provides fairly detailed comment, section by section, on the portions of the bill on which we have a view, so I'm just going to touch fairly briefly on the highlights of that and then welcome questions.

I do first want to underscore, however, that there are major issues of pension policy that have not been addressed in this bill, including pension funding rules and benefit security through the pension benefits guarantee fund. We think, as was just being discussed before I came up here, that it is crucial that governments both at the provincial and federal level address urgently the broader questions of retirement income security and improving access to pensions for all, especially those who currently are not members of employer-sponsored pension plans.

For the context of our comments on the provisions in the bill, it's important to remind ourselves that pension regulation arises from the need to support and oversee the important public policy role of private retirement savings arrangements. It's truly founded on the need to protect the rights of individual pension plan members. This arises from two key facts: There's a substantial imbalance of information, power and control between beneficiaries and employers or other plan sponsors; and, on account of the fact that retirement income rights are deferred rights, the individual's interest only really may become apparent when they crystallize at retirement, when it's generally too late to address prior problems. This is the foundation for the whole pension regulation system.

Plan beneficiaries are by no means the only stakeholders in the private retirement income system, but it's clear that a major reason the regulatory system exists in its current form is because of the need to protect the

rights of plan members and beneficiaries. That shouldn't be forgotten.

1720

So again, addressing specific points in the bill: Subsection 79(3) refers to the surplus provisions. The change that's being proposed in the act as written is not acceptable to us. It represents a significant loss of entitlement for plan members compared to what the current legislative structure is. Currently, section 79 requires both that there be an agreement for surplus distribution and that the employer entitlement to surpluses is clearly established in the texts. To move this to an "or" situation is not something we support.

The issue of surplus is clearly one of the most discussed and debated pension issues, although not one of general fascination to the broader public. We understand that pension plans involve a commitment today to ongoing payments in the future. They exist over the long term. It's in the interest of workers to know that pensions are regulated in such a way that ensures they remain viable over the long term. This means that the plans, over time, inevitably go in and out of surplus. For workers, that means that the plans should be carefully managed and monitored.

Many stakeholders have likely indicated to the government and the committee that they believe that changing the surplus distribution rules to be more in favour of the sponsors would increase their incentives to fully fund the plan. We find this unconvincing. We're not convinced that the current surplus distribution rules have been a factor in making pensions non-secure or non-viable.

We're aware from our regular experience in bargaining that employers cost their required pension funding as part of their compensation in general. Funds that go into the pensions are funds that don't go into wages or other benefits. This direct trade-off, in practice, makes it clear to our members that their pensions are deferred wages. As a result, they have long held that they have a claim to the funds that go into the pension, regardless of whether the plan at that moment has a funding surplus or deficit.

We believe the simplest way to address this issue is to delete clause 79(3)(a) and require that surplus distribution on windup occurs only through a negotiated deal, as in the current clause (b), with clear time limits and a binding arbitration process. We would be prepared to support amending the act to incorporate the Ontario Expert Commission on Pensions recommendation that the employer should only have access to surplus in the absence of a surplus-sharing agreement, where the employer had clear entitlement to the surplus if it is explicit that the entitlement is—and this is quoting from the commission's report—"in accordance with plan documents." This would essentially reflect the current rules on surplus ownership.

Again, this is a technical and detailed matter for the end of a beautiful afternoon, and I do appreciate your continued attention.

The next section I want to address—and there's more detailed information in the written submission—has to do with the grow-in provisions in section 74. Here's a case where we do in fact strongly support the change that is being tabled in this legislation. Providing grow-in provisions to all terminating plan members is long overdue. We believe it will increase equity and mitigate the loss of plan members' rights through the elimination of partial windups, which is also part of the legislation. The proposed amendment also recognizes the importance of ancillary benefits and that a member's rights to those benefits should be expanded.

Many of our members participate in pension plans that provide unreduced early retirement and bridge benefits. The proposed legislation acknowledges that during a working lifetime, a plan member accrues an entitlement to early retirement and other ancillary benefits as well as to the normal retirement benefit. When that's interrupted as a result of termination, it's appropriate that the accrual be recognized based on the employee's seniority and age and included in the termination benefit.

We are concerned that in the current language, these grow-in rights are limited to involuntary terminations. The pension legislation normally doesn't differentiate between voluntary and involuntary terminations. This isn't an area where the pension regulator has any special competence, and in our view, this distinction is going to lead to unfortunate future litigation and appeals over the issue. Therefore, we believe that grow-in rights should be applied to all terminating plan members. There are also some specific comments in our written submission on how this applies in multi-employer plans.

The Chair (Mr. Pat Hoy): You have about a minute and a half left.

Mr. Charles Campbell: Thank you, Mr. Chair. In that case, again referring you to the various points, I want to skip ahead to our comments on the pension benefits guarantee fund, which has been a subject of our interest. Ontario, as a long-standing leader in this area, should have been an example to the other provinces and the federal government. Ontario and the United States, as I'm sure you folks know, have this important protection, whereas other provinces don't. Over time, in various other consultations, we've been making the point that it's time for improvements to be made to this fund. The dollar cap of \$1,000 a month hasn't been changed in a very long time.

The economic meltdown exposed a great deal of vulnerability in employer-sponsored pension plans. Many employers in the industrial section, including ones where our members work, are shutting down and declaring bankruptcy, and many plans are being wound-up underfunded. Until now, these issues have been dealt with in a piecemeal fashion. Just the other day in the budget, it was good to see money being flowed into this, but a more comprehensive approach is needed, including following the advice of the pension commission and increasing the level of guaranteed benefits to \$2,500.

I've very likely used up my time now. Again, I appreciate this opportunity.

The Chair (Mr. Pat Hoy): The questioning will go to the government. Mr. Arthurs.

Mr. Wayne Arthurs: Mr. Campbell, thank you for your presentation. I particularly appreciated your final comments. I was going to ask you about the pension benefits guarantee fund, and because of the phraseology that you used, I wasn't sure whether you were supportive of the money that was in there or not, but I think your comment was that you appreciated the fact that the government made a direct grant of some \$500 million, effectively, of taxpayers' money into that fund to help sustain it—at this point in time, anyway.

Sometimes, I think that maybe the pension benefits guarantee fund might better be described as—maybe we should describe it as a pension benefits insurance fund because it might better identify what the intent is, i.e., to provide a level of insurance to pension structures in the event of failure. That's my thinking; "guarantee" doesn't help me understand what it's intended for as well.

How should it be funded? Who should have the ownership? What stakeholders should have ownership to ensure that the pension benefits guarantee fund or a pension benefits insurance fund is adequately funded to meet the needs of potential pensioners in the event of corporate failure?

Mr. Charles Campbell: I think the fundamental architecture that's been in place for this fund and the fund in the United States is basically appropriate to try to design it so that payments, very much on an insurance basis from the pension funds that would ultimately benefit from the guarantee, provide the money. It has proved—not just in Ontario—extremely challenging to make that work, to set the premiums at a level that both makes the funds sustainable, but also doesn't pose an undue burden and deter creation of the pension funds. I think it's a fact of life, or at least of political life, that because of the government's extremely detailed role in regulating how the funding happens and, from time to time, for quite understandable reasons, extending solvency funding deadlines or not requiring solvency—in Ontario, solvency funding is not required as quickly or intensely as it normally is in the US system, which causes its own problems with funding requirements zigzagging up and down.

Because the government has such an inescapably intense role in determining how the funding has evolved over time, I think it's just a fact of life that, as has happened over 20 years anyway, from time to time, if it looks like it's going to fall apart, there's going to be a claim on the taxpayers' funds. It's worth designing it so that that doesn't happen very often, but I think people are dreaming if they think that they can set it up in a way that that's never going to happen or that people aren't going to act on the assumption that in terrible situations, that's what comes about. Otherwise, you just have large numbers of people on the lawn.

Mr. Wayne Arthurs: Okay. Thank you for articulating that multi-stakeholder ownership for the issue, both from the standpoint of potential retirees and also the context, I would suggest, of stability in the marketplace. We don't need large companies failing and disrupting the overall marketplace. In part, that was the fear we were having 18 months ago with the likes of General Motors on the verge—virtually bankrupt.

Anyone who happens to own stocks in it has no more—that asset is gone, at this point in time. So thank you. I appreciate that.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

Mr. Charles Campbell: Glad to be here.

The Chair (Mr. Pat Hoy): We are adjourned.

The committee adjourned at 1731.

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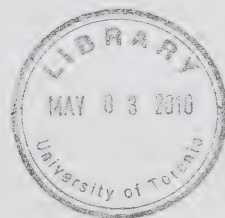
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Standing Committee on Finance and Economic Affairs

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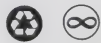
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 15 April 2010

Jeudi 15 avril 2010

*The committee met at 0900 in room 151.*PENSION BENEFITS
AMENDMENT ACT, 2010LOI DE 2010 MODIFIANT LA LOI
SUR LES RÉGIMES DE RETRAITE

Consideration of Bill 236, An Act to amend the Pension Benefits Act / Projet de loi 236, Loi modifiant la Loi sur les régimes de retraite.

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We are here this morning for clause-by-clause consideration of Bill 236.

Our first motion this morning is a government motion. Mr. Arthurs?

Mr. Wayne Arthurs: If I could just, before I read the motion, indicate that there are obviously a number of government motions, most of which are obviously technical in nature given the context of a pension bill. We do have officials from the ministry here, so as we go through this, if members have questions on the technical side of it in particular, we'll certainly call those officials forward to provide that level of expertise, as they can make their living, in part—in part only—working in this part of the ministry field. It's just to pre-empt the conversation around a number of amendments with that.

I move that the definition of “prescribed retirement savings arrangement” in subsection 1(1) of the act, as set out in subsection 1(6) of the bill, be struck out.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: If the parliamentary assistant could give a brief explanation of the reasoning behind it, please?

Mr. Wayne Arthurs: The proposed motion is a correction to limit the application of subsection 14(4). The change will allow successive plans to provide plan members, but not former members or retirees, with different benefits. Under the original plan, asset transfers under sections 79.1, 80, 80.1, 80.2 or 81 and the value of the accrued benefits of a member who transferred to a successor plan is protected by the asset transfer provisions.

You'll get the context of why we may want an official or two to be brought forward at times, to put it in some lay terms.

Mr. Norm Miller: Thank you.

The Chair (Mr. Pat Hoy): Mr. Miller.

Mr. Paul Miller: Okay, let's bring them forward—because that was quite a mouthful and I didn't quite catch it all. I'd like a hard copy of that, like, why the correction, why the removal of it, and a slower, layman's terms explanation of that.

Mr. Wayne Arthurs: I may have misspoken in the context of my comments as I was flipping through my notes to a subsequent motion, but let's bring the officials forward at this point and get the accurate information from the standpoint of their comments.

The Chair (Mr. Pat Hoy): If someone can come? Just identify yourself before you begin.

Ms. Celia Harte: I'm Celia Harte. I'm a senior policy adviser at the Ministry of Finance.

The rationale for this is that the term “prescribed retirement savings arrangement” is also defined in the regulation and has a different definition in the regulation. It's not absolutely necessary in the act, so to avoid confusion, this would just remove it.

Mr. Norm Miller: That's a very good explanation. I understand that one much better than your explanation.

Mr. Wayne Arthurs: There you go. Hopefully, the next—I'll wait.

The Chair (Mr. Pat Hoy): Are there any other comments?

Mr. Paul Miller: Yes. Mr. Arthurs is now out, and we'll get comments from the—

Interjections.

Mr. Paul Miller: That's a lot better. Thank you.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed, if any? Carried.

Shall section 1, as amended, carry? All in favour? Opposed? Carried.

Sections 2 through 7 inclusive do not have any amendments. Shall those sections carry? All in favour? Opposed? Carried.

The next one on page 2 of your packet is also a government motion. Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 14(4) of the act, as set out in subsection 8(2) of the bill, be struck out and the following substituted:

“Same

“(4) Subsection (1) does not apply with respect to an amendment that relates to a transfer of assets authorized by section 79.1, 80, 80.1, 80.2 or 81 and that affects the transferred members.”

The Chair (Mr. Pat Hoy): Any comment?

Mr. Wayne Arthurs: Very briefly, Chair. I think I misspoke when I was flipping pages in the beginning, so those words may show up in Hansard as being very similar to the words from my first set of comments, but you can appreciate why I was indicating that we would have our officials here. I want to thank Celia for her opening comments, and Mr. Miller's suggestion that the ministry staff probably have a higher degree of expertise than I certainly would ever be able to bring to this particular table.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Paul Miller: Can I have recorded votes on these, please?

The Chair (Mr. Pat Hoy): On all?

Mr. Paul Miller: On all of them.

The Chair (Mr. Pat Hoy): Yes, we can do that.

Mr. Paul Miller: Thank you.

The Chair (Mr. Pat Hoy): Will we agree that there will be recorded votes from henceforth, rather than calling it out on every motion?

Interjection.

The Chair (Mr. Pat Hoy): Or you just ask at the time.

Mr. Paul Miller: If you want to put me through the aggravation, I'll be more than happy to comply.

The Chair (Mr. Pat Hoy): Mr. Arthurs.

Mr. Wayne Arthurs: Chair, I'm happy to have the member just ask for recorded votes with the motions as they come forward, rather than a blanket motion at this point to call for recorded votes throughout the day. I know we had an earlier committee meeting in which I spent some time, and I think Mr. Miller may even have assisted me, in asking for recorded votes for a period of time. I don't think we're unfamiliar with that practice.

The Chair (Mr. Pat Hoy): I'm advised that we probably should have a request for a recorded vote at the time of the vote.

Mr. Paul Miller: Suit yourself. I'd like a recorded vote.

Mr. Norm Miller: To the parliamentary assistant: I gather on this amendment that the only change is the last five or six words: "and that affects the transferred members." That's the difference?

Mr. Wayne Arthurs: The value of the accrued benefits of the members, when transferred to a successor plan, is protected by the asset transfer provisions. Those group benefits of the members, when they make the transfer, are protected.

The Chair (Mr. Pat Hoy): Any other point?

Mr. Paul Miller: This is far too broad, and I will not support this. It's too broad.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. A recorded vote is requested.

Ayes

Albanese, Arthurs, Johnson, McMeekin, Murray.

Nays

Paul Miller.

The Chair (Mr. Pat Hoy): The motion is carried.

Shall section 8, as amended, carry? All in favour? Opposed? Carried.

Section 9: It has no amendment, and neither does 10. Shall sections 9 and 10 carry? All in favour? Opposed? Carried.

Now we come to the first PC motion in your packet. Mr. Miller, if you'll read it into the record.

Mr. Norm Miller: I move that subsection 11(1) of the bill be struck out and the following substituted:

"11. (1) Subsection 24(1) of the act is repealed and the following substituted:

"Mandatory advisory committee

“(1) Every pension plan is required to establish an advisory committee, and it shall include retired members of the pension plan.”

The reason for this amendment is that members of a plan should know what the status of their plan is. In many cases—in most cases—they've contributed into the plan for their entire working life. Many different groups and presenters came before the committee to ask that pension advisory committees be made easier to form. I personally met with groups like the Canadian Federation of Pensioners, which told about how difficult it is to create a pension advisory committee and how, in many cases, the plan sponsors consider it a nuisance and find ways to obstruct the creation, or at least not be of assistance in the creation of pension advisory committees.

It's certainly my feeling that those who have contributed and those who have most at risk with the pension plan should be able to know what the status of it is and be involved with the pension plan. That is the purpose of this amendment.

0910

The Chair (Mr. Pat Hoy): Any other comment? Mr. Arthurs.

Mr. Wayne Arthurs: Just a couple of things, Chair. The government caucus won't be supporting the particular amendment that's before us at this time. The legislation is intended to make it easier for those committees to be established, but pension advisory committees are not mandatory in any jurisdiction within Canada. One of the government motions certainly ensures that advisory committees would include at least two retired members or their representatives. So there are provisions to make it easier for this to happen but there are no jurisdictions where it's currently mandatory for them to be established. We hope it's done through the co-operation, obviously, of retired members and the plan sponsor.

Mr. Norm Miller: If I may, you say there are amendments that will make it easier but still there's a possibility they might not happen?

Mr. Wayne Arthurs: Not mandatory.

The Chair (Mr. Pat Hoy): Mr. Barrett.

Mr. Toby Barrett: I want to commend Marta Kennedy, the research officer with legislative research service. I know on page 2 she has summarized the variety of recommendations, for example, with respect to the pension advisory committees. I just wanted to make mention of that because I feel for her, having to wade through this type of legislation and to winnow out the deputations that we heard at the witness table. I found that helpful in our deliberations, so I wanted to put that on the record.

The Chair (Mr. Pat Hoy): Mr. Barrett is speaking about the summary of recommendations and the notes that were in that, provided by research. I see some of you looking through trying to find out what he's citing, but that's what it was.

Mr. Toby Barrett: Yes, page 2. I hope everybody's gone through this as they try to make up their minds which way to vote today. As the Chair indicated, a summary of recommendations; our research officer put that together for us.

The Chair (Mr. Pat Hoy): Any other comment to the motion?

Mr. Paul Miller: Recorded vote.

Ayes

Barrett, Norm Miller.

Nays

Albanese, Arthurs, Johnson, McMeekin, Paul Miller, Murray.

The Chair (Mr. Pat Hoy): The motion is lost.

Now we are still within the same section and we have a government motion. Mr. Arthurs.

Mr. Wayne Arthurs: I move that section 11 of the bill be amended by adding the following subsection:

"(1.1) Subsection 24(1) of the act is amended by adding at the end 'in accordance with such conditions and subject to such restrictions as may be prescribed'".

The Chair (Mr. Pat Hoy): Any comment? Any question? Hearing none, I'll put the question. All in favour?

Ayes

Albanese, Arthurs, Johnson, McMeekin, Paul Miller, Murray.

The Chair (Mr. Pat Hoy): The motion is carried.

Page 4: We have a government motion, Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 24(3) of the act, as set out in subsection 11(2) of the bill, be struck out and the following substituted:

"Representation

"(3) The following rules govern the composition of the advisory committee:

"1. Each class of employees that is represented in the pension plan is entitled to appoint at least one representative to the advisory committee.

"2. If there is only one class of employees that is represented in the pension plan, that class is entitled to appoint at least two representatives to the committee.

"3. The retired members of the pension plan are entitled to appoint at least two representatives to the committee."

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Perhaps the parliamentary assistant could just explain exactly what you mean by "class of employees?"

Mr. Wayne Arthurs: Again, I'm going to ask the official whether "class" deals with particular existing employees or "class" being the retirees and current plan members.

Ms. Celia Harte: In this context, it's referring to class of employees within a pension plan. There can be notions of classes of members, which are normally classes of employees. So you can have a class of employees, for instance, in a bargaining group, a class of employees in an excluded group, a class of employees in a managerial group, all in the same pension plan. So that's what that's referring to.

Mr. Norm Miller: So it could be management, it could be—

Ms. Celia Harte: There can be various classes. If you have different employee groups that are all belonging to one plan, that's what this is about.

Mr. Norm Miller: Okay.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour?

Mr. Paul Miller: Recorded vote.

The Chair (Mr. Pat Hoy): Those opposed?

Interjection: Too late.

Mr. Paul Miller: Don't worry about me.

The Chair (Mr. Pat Hoy): Carried.

Government motion on page 5, Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsections 24 (4.1) and (4.2) of the act, as set out in subsection 11(4) of the bill, be struck out and the following substituted:

"Duties of the administrator

"(4.1) Upon receiving written notice from members, a trade union acting on behalf of, or retired members of their intent to establish an advisory committee, and if such conditions as may be prescribed are satisfied, the administrator shall do the following things to help them to establish the committee:

"1. Distribute the notice and such other information as may be prescribed to the members and retired members.

"2. Provide such other assistance as may be prescribed.

"Same, to assist the committee

"(4.2) Once the advisory committee has been established, the administrator has the following duties:

"1. To meet with the committee as required by the regulations.

"2. To provide such assistance to the committee as may be prescribed to help the committee carry out its purposes.

"3. To give the committee or its representative such information as is under the administrator's control and is required by the committee or the representative for the purposes of the committee."

The Chair (Mr. Pat Hoy): Any comment? Hearing none—oh, Mr. Norm Miller.

Mr. Norm Miller: I gather—I mean, it looks like this goes partway towards making it easier to form pension advisory committees. Because of that, I will be supporting this amendment.

The Chair (Mr. Pat Hoy): Mr. Arthurs, in the second line after "Duties of the administrator," you said "of retired members." Do you want it to be—

Interjection.

The Chair (Mr. Pat Hoy): Just read the first two lines, at (4.1).

Mr. Wayne Arthurs: "Upon receiving written notice from members, a trade union acting on their behalf, or retired members of their intent to establish an advisory committee"—is that what you're looking for, Mr. Chair?

The Chair (Mr. Pat Hoy): That's good. Any other comment? Hearing none, all in favour? Those opposed? Carried.

Number 6 is a government motion. Mr. Arthurs.

Mr. Wayne Arthurs: I move that section 11 of the bill be amended by adding the following subsection:

"(4.1) Subsection 24(6) of the act is amended by striking out 'or' at the end of clause (a), by adding 'or' at the end of clause (b) and by adding the following clause:

"(c) in respect of a jointly sponsored pension plan."

The Chair (Mr. Pat Hoy): Comment?

Mr. Norm Miller: It would be nice to have an explanation, Mr. Arthurs.

Mr. Wayne Arthurs: I'm going to ask Celia or the ministry staff again to provide the information the member will require.

The Chair (Mr. Pat Hoy): If you like, you could remain at that seat.

Ms. Celia Harte: Thank you.

The Chair (Mr. Pat Hoy): But it's entirely up to you. If you want to go back with the others, that's fine too.

Ms. Celia Harte: No, I will probably stay here.

Under the act currently, multi-employer pension plans don't have these provisions applied to them because they have member representation on their governing bodies. The same is true of the jointly sponsored pension plans, a number of which are multi-employer pension plans. So this is as much a clarification as anything that, where the members are already part of the governing body, there isn't a need to have an advisory committee as well.

The Chair (Mr. Pat Hoy): Any other comment? I'll put the question. All in favour? Opposed? Carried.

Now we're on to number 7, also a government motion. Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 11(5) of the bill be struck out and the following substituted:

"(5) Subsection 24 (7) of the act is repealed and the following substituted:

"Costs of the committee

"(7) Such costs associated with the advisory committee as may be prescribed are payable out of the pension fund, subject to the prescribed restrictions."

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

That's the end of that section, so shall section 11, as amended, carry? All in favour? Opposed? Carried.

There are no motions for sections 12, 13 and 14. Shall those sections carry? All in favour? Opposed? Carried.

Now we are on to 8.1, a PC motion—no?

0920

Interjection.

The Chair (Mr. Pat Hoy): I went too fast there; two pages turned at once.

Very good. Then it's a government motion on page 8. I'm sorry.

Mr. Paul Miller: Recorded vote, please.

The Chair (Mr. Pat Hoy): A recorded vote has been requested.

Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 26(4) of the act, as set out in subsection 15(1) of the bill, be struck out and the following substituted:

"Exception

"(4) In such circumstances as may be prescribed and despite subsection (1), the administrator may give the notice required by subsection (1) to the members, former members and retired members after the amendment to the pension plan is filed."

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: An explanation, please.

Mr. Wayne Arthurs: I'm going to turn to Celia again. It's just easier. It's easier than me replicating the comments.

Mr. Toby Barrett: When we use the term "may," does that mean that it's optional, versus "shall"?

The Chair (Mr. Pat Hoy): Perhaps you could answer that as well. Does the "may" mean it's optional?

Ms. Celia Harte: Yes. My understanding is it's optional.

The Chair (Mr. Pat Hoy): We're looking for perhaps a fuller explanation, unless that's the only word you were worried about.

Ms. Celia Harte: The reason for the amendment to the bill as it stands now is that there was a concern that it could be read that notice would never have to be given of an amendment that's an exception to ones filed in advance. This requires that even if it's in the group of exceptions of notices that have to be given in advance, eventually, there must be notice.

Mr. Norm Miller: Okay. I think I understand that.

Ms. Celia Harte: The circumstances that may be prescribed are at times, there are very, very minor or administrative kinds of amendments to the plan. We thought we would try to put those in regulations so that they don't

always have to be in advance, to reduce the burden to plan administration.

The Chair (Mr. Pat Hoy): Paul Miller?

Mr. Paul Miller: I think this is a bad idea and I think that to do any amendment to any pension plan, there should be notification to all pensioners. You shouldn't regulate amendments and then talk about it after. I will be voting against this and I want a recorded vote, please.

The Chair (Mr. Pat Hoy): Any other comment?

Ayes

Albanese, Arthurs, Johnson, McMeekin, Norm Miller, Murray.

Nays

Paul Miller.

The Chair (Mr. Pat Hoy): The motion is carried.

Shall section 15, as amended, carry? All in favour? Opposed? Carried.

Now we're on to that PC motion I wanted to do a minute ago. Norm Miller.

Mr. Norm Miller: I move that section 16 of the bill be amended by adding the following subsections to section 27 of the act:

"Internet access, personal information

"(3) The administrator of a pension plan shall ensure that information about an individual's benefits or entitlements under the pension plan is available to the individual over the Internet, and the administrator shall ensure that appropriate security measures are implemented to prevent unauthorized access to this information by others.

"Same, solvency valuations

"(4) The administrator of a pension plan shall ensure that any report filed with the superintendent concerning the most recent solvency valuation of the pension plan is available to its members and retired members over the Internet."

The intention of this amendment is to make it easier for those who are members of a pension plan, retired members or former members to be able to get information about both their benefits and entitlements, but also about the status of the plan. It seems to me to be a reasonably inexpensive way to provide access for all those members. I think it certainly is the case that someone who is a plan member should have access to both their entitlements and also the funded status of the plan. The intention is that the plan members would be able to go online and, through a secure access, get that information. That is the purpose of the amendment.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Paul Miller: A recorded vote, please.

The Chair (Mr. Pat Hoy): Mr. Arthurs.

Mr. Wayne Arthurs: While I appreciate the motion as it's brought forward, and the explanation by the member, the bill does allow, under its current structure, for

this to occur. It allows it in a secure way. The member has already stated that security is required.

Among the issues would be small plans in particular. They may find it onerous to establish and supply the degree of security necessary for people to get privacy information available to them. As a result, we feel, the bill currently is permissive in that way and allows for it to occur, but we don't support the provision that would make it mandatory for secure Internet access, as a matter of practicality, particularly as it might relate to the small plans.

Mr. Norm Miller: I think this is probably the most inexpensive way for the plan sponsors to make information available to their members. I certainly believe that it's the right of the plan members to be able to get that information. That's why the amendment does say "shall" and makes it mandatory. That's the logic behind it.

Mr. Paul Miller: Recorded vote.

The Chair (Mr. Pat Hoy): Yes, that already has been requested. Any other comment? Hearing none, all in favour?

Ayes

Barrett, Norm Miller.

Nays

Albanese, Arthurs, Johnson, McMeekin, Paul Miller, Murray.

The Chair (Mr. Pat Hoy): The motion is lost.

Shall section 16 carry? All in favour? Opposed? Carried.

Section 17, page 9: NDP motion, Paul Miller.

Mr. Paul Miller: I move that subsection 29(5) of the act, as set out in subsection 17(6) of the bill, be repealed and the following substituted:

"Same, by mail or electronically

"(5) If the administrator receives a written request from a person described in subsection (1), the administrator shall provide prescribed records by mail or electronically to the person in such circumstances as may be prescribed."

A slight explanation here. Reporting requirements, access to plan information: We have concerns about the impact of this section of the bill in a small minority of cases. The requirement to have payment and written requests at the same time could be used to delay access to information for plan members.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Wayne Arthurs: The government, in their preparation of the bill, certainly doesn't feel that providing for a nominal fee for the processing of the information is inappropriate and thus won't be supporting the amendment. We feel it's appropriate, and that if a small fee is required for that information, that's not unreasonable

The Chair (Mr. Pat Hoy): Mr. Miller?

Mr. Paul Miller: As the government knows, a lot of people who are on fixed incomes and in a situation that requires payments for such things as hydro bills and other things may not have the money to find out the area of their pension that they're concerned about. To charge additional costs to the elderly and people on fixed incomes is not the way to go.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour?

Mr. Paul Miller: Recorded vote, please.

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Johnson, McMeekin, Murray.

The Chair (Mr. Pat Hoy): The motion is lost.

Shall section 17 carry? All in favour? Opposed? Carried.

Section 18 has no amendments. Shall section 18 carry? All in favour? Opposed? Carried.

These are notices, which aren't actual motions. We don't read these in, then.

Shall section 19 carry? All in favour?

0930

Mr. Paul Miller: Wait a minute. I have a problem with this.

The Chair (Mr. Pat Hoy): Mr. Paul Miller.

Mr. Paul Miller: This has to be read. I can read it, on section 19.

The Chair (Mr. Pat Hoy): If you want to debate section 19, you could, but it's not required that these be read. They are not motions.

Mr. Paul Miller: All right. I would like to debate it.

The Chair (Mr. Pat Hoy): That's fine, then. We'll begin with Paul Miller.

Mr. Paul Miller: The New Democratic Party recommends voting against this section.

Reason for notice rather than motion: If the committee wishes to remove an entire section from the bill, the rules of parliamentary procedure require that the committee vote against the section, rather than pass a motion to delete it.

Section 30.1: We are concerned about the potential for broad interpretation of "prejudice the economic interests of an employer or the competitive position of an employer." This could prevent or delay members' access to plan information. We therefore recommend deleting this section of the bill. Therefore, we are moving to delete section 19.

The Chair (Mr. Pat Hoy): You can't move to delete a section, but you can vote against the whole section.

Mr. Paul Miller: Okay. That's what we're doing. We're just giving you notice that that's what we're doing. We're being polite, here.

The Chair (Mr. Pat Hoy): Just so we all understand, including myself.

Norm Miller.

Mr. Norm Miller: I'd just like an explanation from the government as to why they are recommending doing away with this section that would take away the superintendent's ability to, I guess, protect the economic interests of the employer, is what I gather, in the section that's being removed: "if the superintendent is of the opinion that the disclosure could reasonably be expected to prejudice the economic interests of an employer or the competitive position of an employer." Perhaps the government could explain how, if they're suggesting voting against this section, they are going to ensure that the economic interests of the employer and the competitive position of the employer are protected. I gather this section would just give this superintendent the discretion to use some judgment.

Mr. Wayne Arthurs: Yes. Obviously, a number of stakeholders, including the regulator, did express concerns regarding the provision about the capacity, lack of notice and appeal mechanism that would be required to make this a workable provision. Maybe again Celia or another staff member can provide a little more information. That would be helpful.

Ms. Celia Harte: Section 19 introduced a new provision into the Pension Benefits Act. There wasn't currently any such provision. I can't say much more than that there was concern and criticism from a variety of stakeholders from very different perspectives for different reasons about the particular section and it just not being workable, including by the regulator.

Mr. Norm Miller: Can you let me know if there are any other jurisdictions in the country that have provisions like this?

Ms. Celia Harte: Not off the top of my head. It wouldn't be common, if it's there at all.

Mr. Norm Miller: Okay. Thank you.

The Chair (Mr. Pat Hoy): Mr. Miller.

Mr. Paul Miller: Let me get this right, now. We're voting against it if we're against the section. We want it deleted. We don't want it there, correct?

The Chair (Mr. Pat Hoy): That would be right. When I ask, "Shall it carry?" you make up your mind.

Mr. Paul Miller: Well, the debate is kind of getting a little confusing, here, who wants it out, and who doesn't. So we're going to do a recorded vote on that?

The Chair (Mr. Pat Hoy): Yes, we can.

Mr. Paul Miller: Okay. Thank you.

The Chair (Mr. Pat Hoy): Are we finished the discussion, then?

Nays

Albanese, Arthurs, Barrett, Johnson, McMeekin, Norm Miller, Paul Miller, Murray.

The Chair (Mr. Pat Hoy): It is lost.

Mr. Paul Miller: I'd just like to make a comment. This is quite a moment in my life. The government actually agreed with me.

Interjection.

Mr. Paul Miller: It's not in the House; it doesn't count. It's very historic for me.

The Chair (Mr. Pat Hoy): Sections 20, 21 and 22 inclusive do not have any amendments. Shall those sections carry? All in favour? Carried.

Page 12 in your packet: government motion, Mr. Arthurs.

Mr. Wayne Arthurs: Chair, I move that subsection 35.1(1) of the act, as set out in section 23 of the bill, be amended by striking out "A pension plan may provide a phased retirement option" at the beginning and substituting "A pension plan that provides defined benefits may provide a phased retirement option".

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Yes. An explanation, please, of why you wish to make it more specific, to be only defined benefits.

Mr. Wayne Arthurs: Yes. This is certainly in response, at least in part, to stakeholders' requests for clarification that the intent was to be for defined benefit plans as opposed to all plans. That was the intent, but there was the need for clarification.

Mr. Norm Miller: Okay, thanks.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Those opposed? Carried.

Government motion on page 13, Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 35.1(2) of the act, as set out in section 23 of the bill, be amended by striking out "A member may apply" at the beginning and substituting "A member whose pension benefit is a defined benefit may apply".

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Opposed, if any? Carried.

NDP motion on page 14, Paul Miller.

Mr. Paul Miller: I move that subsection 35.1(2) of the act, as set out in section 23 of the bill, be amended by adding the following paragraph after paragraph 2:

"2.1 The collective agreement, if any, that applies with respect to the member provides for the phased retirement option."

The explanation I'll give for that is that the phased retirement—the NDP has a number of concerns about phased retirement and its impact on workers who are phasing into retirement, those who are not offered phased retirement and those who would otherwise replace them. It's an impact on pension plan finances.

We would recommend that the government engage in a fuller study prior to implementing phased retirement, as suggested by the OECF. If the government does proceed, we support the requirement that the phased retiree have reduced work hours. This is unlike the federal tax legislation and the BC Pension Benefits Standards Act section 38.1, which do not require it. We recommend that the bill be amended to require negotiated provisions in the collective agreement governing phased retirement.

The Chair (Mr. Pat Hoy): Thank you, Mr. Arthurs.

Mr. Wayne Arthurs: I think the member's last comments are problematic, certainly for the government side. It's that within the legislation, the phased retirement would be required as part of a collective agreement. Certainly, we support and continue to support negotiated collective agreements. Should, through that normal process, one want to require this obligation, that would be up to the parties to do. But we don't support the inclusion in the legislation that it would necessarily have to be part of a collective agreement.

Mr. Paul Miller: A recorded vote, please.

The Chair (Mr. Pat Hoy): Any other comment? A recorded vote is requested.

Ayes

Paul Miller.

Nays

Arthurs, Albanese, Barrett, Johnson, McMeekin, Norm Miller, Murray.

The Chair (Mr. Pat Hoy): That motion is lost.

Page 15: government motion, Mr. Arthurs?

Mr. Wayne Arthurs: I move that section 35.1 of the act, as set out in section 23 of the bill, be amended by adding the following subsection:

"Approval

"(2.1) The administrator shall approve an application that satisfies the requirements of this section and the regulations and shall do so within such period as may be prescribed."

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Explanation, please?

Mr. Wayne Arthurs: The basic premise is that it requires plan administrators to approve a phased retirement arrangement within a prescribed period of time once the requirements are met. This is responding to stakeholder concerns about potential delays in approving the arrangements, so it does set out some specified time so it can't just be an open-ended clause.

Mr. Norm Miller: Thank you for that.

0940

The Chair (Mr. Pat Hoy): Any other comment?

Hearing none, I'll put the question. All in favour? Those opposed? Carried.

Number 16 is also a government motion. Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 35.1(4) of the act, as set out in section 23 of the bill, be struck out and the following substituted:

"Accruing pension benefits, etc.

"(4) During that period, the member continues to accrue pension benefits under the pension plan in the prescribed manner and all contributions shall continue to be made as required under the pension plan."

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Explanation, please.

Mr. Wayne Arthurs: The motion clarifies that members participating in phased retirement arrangements can continue to accrue pension benefits, and any member and employer contributions continue to be made in accordance with the terms of the plan.

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Carried.

Number 17, to the same section. Mr. Arthurs.

Mr. Wayne Arthurs: I move that section 35.1 of the act, as set out in section 23 of the bill, be amended by adding the following subsection:

“Same

“(7.1) Subsection (7) does not prevent the refund of additional voluntary contributions and interest thereon to the member.”

The Chair (Mr. Pat Hoy): Explanation, perhaps?

Interjection.

The Chair (Mr. Pat Hoy): Yes, Mr. Miller is requesting it.

Mr. Wayne Arthurs: The motion, as proposed, provides clarification that payment of members’ additional voluntary contributions, referred to as AVCs, to those members is permitted during the phased retirement period. This is consistent with provisions elsewhere in the act.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Carried.

Number 18, a government motion. Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 35.1(10) of the act, as set out in section 23 of the bill, be amended by striking out “within 30 days after receiving the request” at the end and substituting “within such period as may be prescribed”.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Yes, if the parliamentary assistant could explain this, please?

Mr. Wayne Arthurs: The current provision speaks to a 30-day time frame. That time frame will be specified in the regulatory process as opposed to in the bill.

Mr. Norm Miller: Are you expecting a longer time or a shorter time will be required?

Mr. Wayne Arthurs: At this point, I don’t know. As I said, that will obviously be a regulatory provision.

Mr. Norm Miller: So are you intending, in the regulations, to set a specific time or are you going to leave it less precise?

Mr. Wayne Arthurs: Specified time frames are normally prescribed in regulations, so one would anticipate at this time—and I don’t know what the regulations will say—that there would be a specified time frame within the regulations, as opposed to within the legislation, which would certainly allow, if required at a future time, adjustments to that, if it was found that that time frame was either too long or too short for some reason. But it would be easier, obviously, to amend a regulation than to amend legislation.

The Chair (Mr. Pat Hoy): Paul Miller.

Mr. Paul Miller: It’s too vague; it’s leaving too many doors open. If you’re going to do it right, do it right the first time. I will be voting against this. Recorded vote.

The Chair (Mr. Pat Hoy): Any other comment?

Ayes

Albanese, Arthurs, Barrett, Johnson, McMeekin, Norm Miller, Murray.

Nays

Paul Miller.

The Chair (Mr. Pat Hoy): The motion is carried.

Shall section 23, as amended, carry? All in favour? Opposed? Carried.

There are no amendments to sections 24, 25 and 26, inclusive. Shall those sections carry? All in favour? Opposed? Carried.

Now we are at 19 in your packet. Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 27(3) of the bill be struck out.

The Chair (Mr. Pat Hoy): Mr. Paul Miller.

Mr. Paul Miller: Why is this being struck out?

Mr. Wayne Arthurs: As I understand, this is a correction: Bill 236 currently includes the subsection that is being struck out here, so it would be a duplication. Again, if I’m incorrect in my commentary, certainly Celia can correct me.

Ms. Celia Harte: It’s certainly correct that it’s being struck out. This subsection has a notion of a limitation of a member’s entitlement to a lump sum payment. In fact, there is no such limitation and that’s why the subsection should be deleted. It’s a correction.

Mr. Paul Miller: So the wording of the present motion is exactly the same as the one that’s already there? This is what you’re telling me?

Ms. Celia Harte: There isn’t one already—

Mr. Paul Miller: There isn’t.

Ms. Celia Harte: There’s a notion of a prescribed limitation in 4.1 in the bill, which refers to a section under the regulation. That section under the regulation does not apply to this general issue, so it’s just inappropriate that it talk about there being a prescribed limitation. It’s a mistake.

Mr. Paul Miller: So this has no relation to it. It’s null and void, and it’s just a duplication. Is that what you’re saying?

Ms. Celia Harte: It just shouldn’t be there. It has no meaning where it is.

Mr. Paul Miller: Okay.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? Carried.

Shall section 27, as amended, carry? All in favour? Opposed? Carried.

There are no amendments to sections 28, 29 and 30, inclusive. Shall those sections carry? Carried.

Government motion number 20, Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 44(7) of the act, as set out in subsection 31(5) of the bill, be amended by adding “or” at the end of clause (a), by striking out “or” at the end of clause (b) and by striking out clause (c).

The Chair (Mr. Pat Hoy): Norm Miller.

Mr. Norm Miller: So the clause that’s being struck out is, “the prescribed conditions are met”? Would the parliamentary assistant explain the logic, please?

Mr. Wayne Arthurs: Apparently, there are no prescribed conditions contemplated, so the clause should be deleted. It refers to other prescribed conditions, but no other prescribed conditions are contemplated.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? Carried.

Shall section 31, as amended, carry? All in favour? Carried.

There are no motions to sections 32, 33, 34, or 35, inclusive. Shall those sections carry? All in favour? Carried.

We’re up to 21 in your packet, a government motion. Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 50(1) of the act, as set out in subsection 36(1) of the bill, be amended by adding “or” at the end of clause (a), by striking out “or” at the end of clause (b) and by striking out clause (c).

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Yes, if the parliamentary assistant could explain the logic behind this amendment, please?

Mr. Wayne Arthurs: This is very much the same, if not the same, as the motion that we just dealt with, that there are no prescribed conditions contemplated. This refers to other prescribed conditions, so it’s an unnecessary clause.

The Chair (Mr. Pat Hoy): Any further comment? Hearing none, all in favour? Carried.

Page 22 in your packet, an NDP motion. Paul Miller.

Mr. Paul Miller: I move that subsection 50(3) of the act, as set out in subsection 36(3) of the bill, be struck out and the following substituted:

“Right to transfer amount

“(3) Payments described in subsection (1) or (2) shall be transferred into a locked-in registered retirement savings arrangement.”

The explanation for this is that we are concerned about the impact of section 50 on the retirement incomes of precarious workers. From a policy perspective, immediate vesting acknowledges the increased turnover in labour markets and encourages plan members’ retirement savings from each employer.

This section of the legislation increases the amounts that can be paid out in cash. We are concerned that this section of the bill will contribute to decreased retirement security for Ontarians. We propose this amendment as a means to retirement savings.

0950
The Chair (Mr. Pat Hoy): Any other comment? Mr. Arthurs.

Mr. Wayne Arthurs: The government caucus members won’t be supporting this particular amendment. It requires that small amounts, in relative terms, be transferred to locked-in retirement savings arrangements. Some of those obviously attract fees that don’t make a terribly efficient way for a member to have a choice to do business. The provisions are available for amounts to be transferred to RRSPs on a tax-deferred basis. As well, locked-in accounts in very small dollars would certainly provide, at the end of the day, very small pensionable amounts to a member. So for these small amounts, it’s preferred to have a higher degree of flexibility than putting them into a locked-in account.

Mr. Paul Miller: Could I have a recorded vote, please?

The Chair (Mr. Pat Hoy): Any other comment?

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Barrett, Johnson, McMeekin, Norm Miller, Murray.

The Chair (Mr. Pat Hoy): The motion is lost.

Shall section 36, as amended, carry? All in favour? Carried.

Sections 37 through to 49, inclusive, have no amendments. Shall those sections carry? All in favour? Carried.

Now we are on page 23, which deals with subsection 50. Mr. Arthurs.

Mr. Wayne Arthurs: I move that clause 68(2)(c) of the act, as set out in subsection 50(4) of the bill, be amended by adding at the end “or that, on the date of the wind up, represented the members, former members or retired members of the pension plan”.

The Chair (Mr. Pat Hoy): Any comment? Mr. Paul Miller.

Mr. Paul Miller: I’d like to ask the parliamentary assistant why former and retired members are included in this.

Mr. Wayne Arthurs: I think the broad explanation is that this clarifies that the plan administrator must provide written notice to the trade unions which represented members. We feel it’s obviously appropriate to include all those who would be impacted, both current and retired members.

The Chair (Mr. Pat Hoy): Any other comment? Norm Miller.

Mr. Norm Miller: Yes, to the parliamentary assistant: I don’t see anything about trade unions in this. We’re talking about former members, retired members, and members. I thought it was more of a technical clarification. Perhaps Celia could explain.

Mr. Wayne Arthurs: And I think she certainly can. This is, in part, in response to some stakeholder concerns that some trade unions have not received notice of the

surplus distributions in the past. So it's an effort to respond to some of those stakeholder concerns, and maybe Celia, again, can help us with that.

Ms. Celia Harte: There are some instances where trade unions represent retired members, although not under the Labour Relations Act, but have actual contractual memberships where they represent people. It's also the timing of notices and the process around windup, and it comes up again under a surplus issue, that by the time notices are happening some of your members who were your members at the time are already former members or retired. It's just to make sure the trade union gets the notice.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Carried.

Shall section 50, as amended, carry? All in favour? Opposed? Carried.

Sections 51 to 54, inclusive, do not have any amendments. Shall they carry? All in favour? Carried.

Now we're at 24 in your packet: government motion, Mr. Arthurs.

Mr. Wayne Arthurs: I move that section 55 of the bill be amended by adding the following subsection:

"(2.1) Subsection 72(2) of the act is amended by striking out 'clause 74(1)(b)' at the end and substituting 'clause 74(1.3)(b)'."

The Chair (Mr. Pat Hoy): Any comment? Mr. Norm Miller.

Mr. Norm Miller: If the parliamentary assistant could explain the logic behind this amendment, please?

Mr. Wayne Arthurs: As I understand, the proposed amendment corrects an incorrect cross-reference, again, somewhat technical. If you require further, Celia will be happy to clarify that.

Mr. Norm Miller: Thank you.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? Carried.

Shall section 55, as amended, carry? All in favour? Carried.

Page 25, government motion: Mr. Arthurs?

Mr. Wayne Arthurs: I move that subsection 73(5) of the act, as set out in subsection 56(5) of the bill, be re-numbered as subsection 73(6) of the act.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Carried.

Shall section 56, as amended, carry? Carried.

Now we're on to number 26 in your packet, NDP motion. Paul Miller.

Mr. Paul Miller: I move that paragraph 2 of subsection 74(1) of the act, as set out in subsection 57(1) of the bill, be struck out and the following substituted:

"2. The termination of the member's employment, if the effective date of the termination is on or after January 1, 2012."

The explanation for that would be that the NDP strongly supports the grow-in provisions in the legislation. We believe that they will increase equity and mitigate the loss of plan members' rights through elimination of partial windups. However, limiting eligibility as it is in

subsection (1.1) is problematic. It is frequently unclear whether termination is voluntary. Pension legislation does not generally differentiate between voluntary and involuntary terminations. This is not an issue in which the regulator has any special competence. Attempting to differentiate between the voluntary and involuntary quits adds to cost, complexity and inequity.

The grow-in provisions must not be limited in this way. This is a very critical part of this plan, and I suggest that the government take a good, hard look at this, because this could cause major problems.

I would like a recorded vote on this, please.

The Chair (Mr. Pat Hoy): A recorded vote is requested. Any other comment? Mr. Arthurs.

Mr. Wayne Arthurs: Just very quickly, Chair, obviously, government is looking at these kinds of issues and would express a concern where Bill 236 does provide grow-in provisions for those whose employment is ended on an involuntary basis, other than for cause. If there is removal for cause, it would be problematic to provide grow-in provisions in that instance, so government won't be supporting the NDP motion.

The Chair (Mr. Pat Hoy): Mr. Miller?

Mr. Paul Miller: The government will be supporting or will not?

Mr. Wayne Arthurs: Will not.

Mr. Paul Miller: Well, I think that this is going to cause a major problem. I think surmising and speculating is not a good way to handle this section, and I think it's going to come back and bite you.

The Chair (Mr. Pat Hoy): Any other comment?

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Johnson, McMeekin, Murray.

The Chair (Mr. Pat Hoy): The motion is lost.

We have a number of motions in this section. Number 27 in your packet: Mr. Arthurs.

Mr. Wayne Arthurs: I move that paragraph 2 of subsection 74(1) of the act, as set out in subsection 57(1) of the bill, be amended by striking out "January 1, 2012" and substituting "July 1, 2012".

Mr. Norm Miller: If the parliamentary assistant could explain the time change?

Mr. Wayne Arthurs: The proposed amendment will defer the implementation of the grow-in provisions and lengthen that transition period for pension plans, by a further six months, obviously. There's a desire to ensure that employers and employees have adequate time for a full discussion of issues around grow-in provisions. We just felt that an additional provision here for transition would be helpful.

1000

The Chair (Mr. Pat Hoy): Any other comment? Mr. Paul Miller?

Mr. Paul Miller: Well, that kind of conflicts with the last thing that you just passed. Now you're giving people time to discuss it, but you're moving ahead with a critical thing in the last motion, which I'm not discussing now; I'm just commenting. It's kind of a 180 that you're doing here. I will be voting against this—to extending the time. They didn't think about extending the time on the last one, so I'm a little concerned about that.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Arthurs.

Mr. Paul Miller: And a recorded vote, please.

Mr. Wayne Arthurs: I don't think there is any inconsistency in this regard. My comments on the last motion, which is now behind us, had to do with removal for cause. This deals with an opportunity for a transitional time that provides the necessary time for employees and employers to give consideration to matters under their collective agreements and under their jurisdiction.

Mr. Paul Miller: With all due respect to the parliamentary assistant, he mentioned that they were “going to look at” and they were “going to discuss” in the last motion. That involves time also. I'm wondering why he gives an extension in this one and doesn't give one in the last one. It's a little bit conflicting.

The Chair (Mr. Pat Hoy): Very good. Any other comment? A recorded vote has been requested.

Ayes

Albanese, Arthurs, Barrett, Johnson, McMeekin, Norm Miller.

Nays

Paul Miller.

The Chair (Mr. Pat Hoy): The motion is carried. We're now on page 28: NDP motion, Paul Miller.

Mr. Paul Miller: I move that subsection 74(1.1) of the act, as set out in subsection 57(1) of the bill, be struck out.

I'll reiterate my explanation. This falls in with 26, which we just dealt with. The NDP strongly supports the grow-in provision in this legislation. We believe that it will increase equity and mitigate the loss of plan members' rights through the elimination of partial windups. However, limiting eligibility, as in subsection (1.1), is problematic.

Once again, it is frequently unclear whether termination is voluntary. Pension legislation does not generally differentiate between voluntary and involuntary terminations. This is not an issue in which the regulator has any special competence. Attempting to differentiate between voluntary and involuntary quits adds to costs, complexity and inequity. The grow-in provision must not be limited in this way.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Paul Miller: Recorded vote, please.

The Chair (Mr. Pat Hoy): Hearing none, all in favour?

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Barrett, Johnson, McMeekin, Murray.

The Chair (Mr. Pat Hoy): The motion is lost. We're on 28.1 in your packet: PC motion, Norm Miller.

Mr. Norm Miller: I move that subsection 74(1.2) of the act, as set out in subsection 57(1) of the bill, be struck out and the following substituted:

“Exceptions

“(1.2) This section does not apply with respect to a jointly sponsored pension plan or a multi-employer pension plan.”

This amendment has been made on the recommendation of many different groups that came before the Legislature—one of them being, for example, the Ontario Catholic School Trustees' Association—that talked about the fact that the grow-in provisions of Bill 236, as they currently stand, would cost up to a billion dollars for multi-employer pension plans like OMERS, and that plans like OMERS that are public sector MEPPs or jointly sponsored pension plans require a different regulatory regime than single-employer pension plans because of their joint-governance structure. Two corporate boards, each with half of board members representing the employers and half representing the employees, are the best joint decision-makers to determine the benefit composition and subsequent contribution rates of the OMERS plans. This governance structure must not be overridden with provincial legislation.

I might point out that the 2008 report of the Expert Commission on Pensions in Ontario specifically proposed that multi-employer plans and jointly sponsored plans like OMERS be exempted from the grow-in requirement.

The rationale for this recommendation is that when parties jointly sponsor and govern a plan, share risks and bargain collectively on early retirement benefits, there is no need for additional legislative protection.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Wayne Arthurs: Save and except to say that Bill 236, I think, is permissive in that it would allow these plans to elect not to provide grow-in benefits, if it was agreed upon, obviously, by the parties. So there are provisions where they could opt out.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

Number 29, NDP motion. Paul Miller.

Mr. Paul Miller: I move that subsection 57(6) of the bill be struck out and the following substituted:

“(6) Subsection 74(8) of the act is repealed and the following substituted:

“Use in calculating pension benefit

“(8) A benefit described in clause (1.3)(a), (b) or (c) for which a member has met all eligibility requirements under this section shall be included in calculating the member's pension benefit or the commuted value of the pension benefit for the purposes of this section as well as for the purposes of section 84 (Guarantee Fund).”

The reason for this is the grow-in rights in the PBGF. We are also concerned with the amendments made to 74(8). Under current legislation, it is very clear that the PBGF coverage extends to grow-in benefits; however, the proposed legislation makes no reference to the PBGF coverage when calculating pension benefits. Clearly, this has to be an oversight during the drafting of Bill 236.

I'd like a recorded vote on this, please.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour?

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Johnson, McMeekin, Murray.

The Chair (Mr. Pat Hoy): The motion is lost.

That ends section 57. Shall section 57, as amended, carry? All in favour? Opposed? Carried.

There are no amendments to sections 58, 59 and 60. Shall those sections carry? All in favour? Carried.

Number 30 in your packet, an NDP motion: Mr. Miller.

Mr. Paul Miller: I move that section 61 of the bill be amended by adding the following subsection:

“(2) Section 77 of the act is amended by adding the following subsections:

“Multi-employer pension plans

“(2) Subject to subsection (3), in the case of a multi-employer pension plan, the commuted value of the benefits for terminated members is reduced in a manner that reflects the most recently determined transfer ratio.

“Superintendent approval

“(3) If the administrator of a multi-employer pension plan has reason to believe that the funding has deteriorated since the most recently determined transfer ratio, any payment out of the pension plan is subject to superintendent approval.”

The explanation for this one is as follows. Partial windups and MEPPs: Under current rules, a partial windup would result in the payment of reduced commuted value to affected members based on the most recent transfer ratio without a requirement to pay 100% of the commuted value within five years. This is an important

qualification in that there is no ability for the plan administrator to collect additional contributions to make up the shortfall that would result if paying out a 100% benefit from an underfunded MEPP.

In the absence of a partial windup, if an employer with a significant number of members in the total plan membership withdraws from the plan, the requirement to pay 100% of the benefit could reduce subsequently determined transfer ratios to the point where a full windup is triggered. Moreover, such a policy will favour the terminating members over the remaining members of the MEPP.

If partial windups are no longer contained in the law, special rules on the computation and payment of commuted values to terminating members of the MEPPs should be enacted to ensure that, when the MEPP is underfunded, the commuted value will reduce to reflect the most recently determined transfer ratio; or, where the administrator has reason to believe that the funding has deteriorated since the last determined transfer ratio, payment should be subject to superintendent approval. That is what this amendment attempts to do.

I'd like a recorded vote on this, please.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Norm Miller: I'd just like the government's opinion about this amendment.

The Chair (Mr. Pat Hoy): Mr. Arthurs.

Mr. Wayne Arthurs: I think the bill continues to speak to the entitlement to payment from the pension fund, that the employees receive the benefits to which they're fully entitled and not some reduced amount.

1010

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, a recorded vote is requested.

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Barrett, Johnson, McMeekin, Norm Miller, Murray.

The Chair (Mr. Pat Hoy): The motion is lost.

Shall section 61 carry? All in favour? Carried.

Section 62 has no amendments. Shall section 62 carry? All in favour? Carried.

Government motion 31. Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 63(1) of the bill be amended by adding the following clause to subsection 78(2) of the act after clause 78(2)(b) as set out in subsection 63(1) of the bill:

“(b.1) each trade union that represents the members, former members or retired members of the pension plan on the date of the wind up, if the pension plan is being wound up;”

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Explanation, please?

Mr. Wayne Arthurs: The motion requires plan administrators to provide written notice to trade unions that represented members, former members and retirees of the employer's application to the superintendent to withdraw surplus funds from the pension plan. So it's a requirement for written notice if there's an effort to take surplus funds out of the plan.

The Chair (Mr. Pat Hoy): Paul Miller.

Mr. Paul Miller: So this strictly deals with notification of all acting participants in the plan: That's what you're saying?

Mr. Wayne Arthurs: It requires written notice to the trade unions that represented those members.

Mr. Paul Miller: Okay.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? Carried.

Shall section 63, as amended, carry? All in favour? Carried.

Now we're at 32, an NDP motion. Mr. Paul Miller.

Mr. Paul Miller: I move that clause 79(3)(a) of the act, as set out in subsection 64(3) of the bill, be struck out and the following substituted:

"(a) the pension plan provides clear entitlement for payment of surplus to the employer on the wind up of the pension plan; or"

We seem to have lost a sentence here. Anyways, I'll give the explanation for this—

The Chair (Mr. Pat Hoy): We're okay.

Mr. Paul Miller: Okay. Sorry, it ended with "or." It ended with a preposition. Interesting.

Anyway, surplus sharing: Payments into pension plans are the deferred wages of employees. They represent a sacrifice of current wages and consumption for future wages and increased security in retirement. Therefore, any surplus that accumulates into a pension plan rightly belongs to those employees. Any access to surplus by an employer should therefore result from the consent of the plan members or their representatives. The proposed change to the act is instead a significant loss of entitlement for plan members from the current legislation. Currently, section 79 requires both that there be an agreement for surplus distribution and that the employer entitlement to surplus must be established.

We acknowledge that there has been difficulty in the applications of this section of the act. Therefore, the bill should be amended to incorporate the Ontario Expert Commission on Pensions or OCP recommendation that employers should only have access to surplus in the absence of surplus-sharing agreement, where the employer had clear—I repeat, clear—entitlement to the surplus.

I would ask for a recorded vote on this.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour?

Mr. Norm Miller: I'd like to hear the government's feeling about this amendment.

Mr. Wayne Arthurs: The government caucus won't be supporting the motion. Certainly, the government will be looking at matters of surplus issues as part of the broader discussion around pension reform. We do have

subsequent legislation coming forward. We think that's a good time to be doing some of that in regard to this particular matter.

The Chair (Mr. Pat Hoy): Any other comment?

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Johnson, McMeekin, Murray.

The Chair (Mr. Pat Hoy): The motion is lost. Number 33, a government motion. Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 79(3.1) of the act, as set out in subsection 64(3) of the bill, be struck out and the following substituted:

"Same, partial wind up

"(3.1) Subject to section 89, the superintendent shall not consent to payment of surplus to an employer out of a pension plan that is being wound up in part unless all of the criteria set out in subsection (3.2) are satisfied and,

"(a) the pension plan provides for payment of surplus to the employer on the partial wind up of the pension plan; or

"(b) a written agreement of the employer and the members, former members and other persons entitled to payments on the date of the partial wind up is made in accordance with such conditions as may be prescribed and authorizes payment of surplus to the employer."

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: If we could have an explanation from the government, please.

Mr. Wayne Arthurs: This extends surplus-sharing agreements to partial windups during which time partial windups are still in play, which is only for a relatively short period of time.

The Chair (Mr. Pat Hoy): Paul Miller.

Mr. Paul Miller: I'd like a recorded vote on this and I'd like to make the comment that 32 that we just dealt with was far more efficient than this motion and it's a pity that it didn't go through.

The Chair (Mr. Pat Hoy): Any other comment? A recorded vote is requested.

Ayes

Albanese, Arthurs, Johnson, McMeekin, Norm Miller, Murray.

Nays

Paul Miller.

The Chair (Mr. Pat Hoy): The motion is carried. Page 34, government motion. Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 64(6) of the bill be struck out and the following substituted:

"(6) Clause 79(3.1)(b) of the act, as enacted by subsection (3), is amended by striking out 'the members, former members' and substituting 'the members, former members, retired members'.

"(6.1) Subsection 79(3.1) of the act, as amended by subsection (6), is repealed."

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: The usual.

Mr. Wayne Arthurs: This proposed motion adds the term "retired members" once the regulations are in place, and it was certainly something that was raised consistently.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? Carried.

Shall section 64, as amended, carry? All in favour? Carried.

There are no amendments to section 65 and section 66. Shall they both carry? All in favour? Opposed? Carried.

I think at this point committee will recess until 2 o'clock this afternoon.

The committee recessed from 1017 to 1402.

The Chair (Mr. Pat Hoy): The committee will come to order once again, and we'll continue with our clause-by-clause.

I believe we're on page 35 in your packet. It's a government motion. Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 79.2(7) of the act, as set out in subsection 67(1) of the bill, be amended by striking out "The administrator of the pension plan" at the beginning and substituting "The administrator of each pension plan".

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: I'm sure that Mr. Arthurs has an explanation. It seems like a relatively minor technical change.

Mr. Wayne Arthurs: That's right. It really is a correction, and you can note the clarification: It speaks to each pension plan rather than pension plans, so it covers if there's more than one involved.

Mr. Norm Miller: Fine.

The Chair (Mr. Pat Hoy): No other discussion? I'll put the question. All in favour? Opposed? Carried.

Page 36 is also a government motion. Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 79.2(12) of the act, as set out in subsection 67(1) of the bill, be amended by striking out "for the transferred members, former members, retired members and other persons" and substituting "for the transferred members".

Mr. Norm Miller: And the explanation, Mr. Arthurs?

Mr. Wayne Arthurs: The proposed motion removes references to persons other than transferred members. This motion would ensure that benefits provided to retirees and former members cannot be changed in the successor plan. It protects those retirees and former members as their plans existed at the time.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Carried.

Number 37 is an NDP motion—I've got to end up that section here first.

Shall section 67, as amended, carry? Carried.

Now we get to 37, Paul Miller.

Mr. Paul Miller: This is a rather large one. I wanted to tell the committee that—

The Chair (Mr. Pat Hoy): Oh, I'm corrected again. We had a bunch of sections in between there.

Section 68 had no amendments. Shall section 68 carry? All in favour? Carried.

Now we are at—

Mr. Paul Miller: Wait a minute. With all due respect, section 68.1 has an amendment, and you said section 68 doesn't? It's a separate section?

The Chair (Mr. Pat Hoy): This is a new section that you have.

Mr. Paul Miller: You've totally confused me now, Chairman.

The Chair (Mr. Pat Hoy): Section 68 had no amendments. Now you're entering a new section, 68.1.

Mr. Paul Miller: So we're in a new area now. Okay.

I'd like to start off by saying that this is a crucial part of this bill—

The Chair (Mr. Pat Hoy): Read it first and then we'll—

Mr. Paul Miller: Okay.

I move that the bill be amended by adding the following section:

"Transfers under the Major Ontario Pension Plans Reciprocal Transfer Agreement

"79.3(1) Expressions used in this section have the same meaning as in section 80.

"Circumstances

"(2) This section applies in connection with the sale of a business if the original pension plan and the successor pension plan are both parties to the Major Ontario Pension Plans Reciprocal Transfer Agreement on or before the effective date of the sale.

"Divestment agreement

"(3) The pension plan administrators that are parties to Major Ontario Pension Plans Reciprocal Transfer Agreement shall enter into a divestment agreement in connection with the sale of the business between employers each of which participates in a pension plan covered by the Major Ontario Pension Plans Reciprocal Transfer Agreement.

"Employees' choice

"(4) The divestment agreement must permit each employee of the original employer who becomes an employee of the successor employer in connection with the sale of the business to choose one of the following options:

"1. To maintain his or her benefits under the original pension plan in respect of employment before the effective date of the transaction.

"2. To transfer the value of his or her benefits under the original pension plan to the successor pension plan.

"Transfer value

"(5) The divestment agreement must establish the transfer value with respect to the employees who choose to transfer the value of their benefits under the original pension plan to the successor pension plan in a manner

that does not create or increase an unfunded liability or solvency deficiency in either the original or successor pension plan.

“If no divestment agreement

“(6) If the pension plans do not enter into a divestment agreement within such period as may be prescribed, the superintendent shall appoint a panel of experts who shall determine the transfer value and other terms of the divestment agreement.

“Report by the panel

“(7) The panel shall report to the superintendent its decision about the transfer value and other terms of the divestment agreement.

“Same

“(8) The pension plans shall enter into the divestment agreement containing the transfer value and other terms determined by the panel of experts and, if they do not enter into such an agreement within 30 days after the panel reports its decision to the superintendent, they are deemed to have done so.”

An explanation and a follow-up for the explanation: There are a number of problems with the way the asset transfers are currently interpreted in the act. Most significant, current provisions require the predecessor and successor plans to provide the same benefits and individuals are not given any choice with respect to transfers. As a matter of principle, the legislation should incorporate individual choice so that plan members can make a decision, based on full information, to stay in the original plan or move to the successor plan.

1410

The proposed changes to the act remove the requirement that benefits be identical. However, individual members still have no choice with respect to transfers.

Furthermore, in the public sector, the interest of the original employer in an asset transfer for past service is questionable. Currently, large, independently administered plans deal with individual transfers under a major Ontario pension plan—MOPP—reciprocal agreement that requires no employer expenditure of time or resources. We believe that a reciprocal agreement provides a better model for group transfers in the public sector than the proposed agreements between the original and successor employers. In order to avoid the problems that arise from delays in implementation, this agreement should include a provision for binding arbitration, should the plan administrators prove unable to reach an agreement in a timely manner.

I can't emphasize enough how important this section is. We did extensive research on this; we talked to some top lawyers and we've had their feedback. This is simply an important, big housecleaning item that has to be dealt with before this bill goes ahead and I would recommend strongly to the committee that they consider this and not just whitewash it and say no to it, because it is a critical part of this bill. This is non-partisan. It's good for the set-up of these pension plans. This is a good thing. I want you to take a hard look at this before you say no, because I think you're going to find this is beneficial to the

government's motivation, to our motivation, to everyone's. There's no trick here. This isn't a union-based plan to undermine the government.

This is something that's going to be good for Ontarians, good for everyone, and I strongly recommend, through the people and the sources we've dealt with, that you take a very serious look at this, because this could impact hundreds and hundreds of thousands of Ontarians. If you don't follow through with this, it would be a negative impact. So please, before you say no today, I would suggest that you take a good, hard look at it.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Arthurs.

Mr. Wayne Arthurs: I'm going to ask Celia, if she's here, to maybe come to the table, because I suspect that she may want to add something or there may be some other questions, given the breadth of this.

As I understand it, in the amendment that's currently before us, the pension regulator would have no role in protecting the interests of the members, retired members or those who are transferring; that the only role for the regulator would be to appoint a panel of experts. There are no criteria proposed at this point, and those would be in specified circumstances. The transfers would include large numbers of plan members and large amounts of access, with effectively no public interest oversight at that point in time.

Bill 236, as it currently is envisioned, provides a framework for which asset transfer agreements are to be addressed involving the plan administrators, employers, affected plan beneficiaries and the regulator. Obviously, our concern is that the regulator has no effective engagement in the process as proposed under this motion.

I don't know, Celia, if you want to add anything to that or whether that kind of covers the commentary, save and except trying to respond to any more detailed questions that might arise.

The Chair (Mr. Pat Hoy): Paul Miller.

Mr. Paul Miller: I would like to ask the ministry people how you feel about this amendment. Our contacts seem to think that there is some merit to this. From your organization, how do you feel about what's being presented here?

Ms. Celia Harte: I don't think it's my role to talk about the merits of the motion. I can answer technical questions about what things mean, but that's not my role. Sorry.

Mr. Paul Miller: Okay, so the opportunity was given and not taken. I would suggest, then, that we move along.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Those opposed? It is lost.

Now we move to section 69 of the bill. Number 38 is a government motion. Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 80(8) of the act, as set out in section 69 of the bill, be amended by striking out “for the transferred members, former members, retired members and other persons” and substituting “for the transferred members”.

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

The Chair (Mr. Pat Hoy): Number 39: a government motion, Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 80(9) of the act, as set out in section 69 of the bill, be amended by striking out "The agreement" at the beginning and substituting "The employers' agreement".

Mr. Paul Miller: Can I have a recorded vote on this, please?

The Chair (Mr. Pat Hoy): Okay.

Mr. Paul Miller: And I have a comment.

Mr. Norm Miller: Mr. Chair—

The Chair (Mr. Pat Hoy): Both Millers would like a chance, here.

Mr. Paul Miller: Both Millers are going to take a kick at the can.

Mr. Norm Miller: My cousin Miller here and I would like an explanation.

The Chair (Mr. Pat Hoy): Do you have some background for this one?

Mr. Wayne Arthurs: The motion as proposed replaces the term "agreement" with the terms "employers' agreement," which is a defined term. It's a correction to ensure consistency.

Mr. Paul Miller: I do believe we had a better transfer agreement, but once again, it was not accepted. That's all I'll say on that. A recorded vote, please.

Ayes

Albanese, Arthurs, Barrett, Jacek, Levac, Norm Miller, Murray.

Nays

Paul Miller.

The Chair (Mr. Pat Hoy): The motion is carried. Number 40 in your packet is a government motion. Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 80(11) of the act, as set out in section 69 of the bill, be amended by striking out "The original employer, the successor employer or such other persons as may be prescribed" at the beginning and substituting "The administrator of either pension plan or such other person as may be prescribed".

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Yes, just an explanation from the parliamentary assistant, please.

Mr. Wayne Arthurs: I'd be happy to do that. The motion as proposed changes the reference to "employer" to the "administrator of either pension plan" in order to reflect the normal practice, where plan administrators, rather than employers, deal with FSCO in the context of asset transfers.

Mr. Paul Miller: A recorded vote on this, please.

Ayes

Albanese, Arthurs, Barrett, Jacek, Levac, Norm Miller, Murray.

Nays

Paul Miller.

The Chair (Mr. Pat Hoy): Motion carried. Number 41: a government motion, Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 80(12) of the act, as set out in section 69 of the bill, be amended by striking out "If the agreement" at the beginning and substituting "If the employers' agreement".

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question.

Mr. Paul Miller: Recorded vote.

Ayes

Albanese, Arthurs, Barrett, Jacek, Levac, Norm Miller, Murray.

Nays

Paul Miller.

The Chair (Mr. Pat Hoy): The motion carries. Number 42: a government motion.

Mr. Wayne Arthurs: I move that subsection 80(13) of the act, as set out in section 69 of the bill, be amended by striking out "in accordance with the agreement" in the portion before paragraph 1 and substituting "in accordance with the employers' agreement".

The Chair (Mr. Pat Hoy): Any comment?

Mr. Paul Miller: A recorded vote, please.

Ayes

Albanese, Arthurs, Barrett, Jacek, Levac, Norm Miller, Murray.

Nays

Paul Miller.

The Chair (Mr. Pat Hoy): The motion is carried. Number 43: a government motion.

Mr. Wayne Arthurs: I move that paragraph 4 of subsection 80(13) of the act be struck out and the following substituted:

"4. If the pension benefits and other benefits to be provided under the successor pension plan for the transferred members are not the same as the pension benefits and other benefits provided for them under the original pension plan, the commuted value of the benefits provided for the transferred members under the successor pension plan must not be less than the commuted value

of the benefits provided for them under the original pension plan, as adjusted for any payments made from the original pension plan to a prescribed retirement savings arrangement or directly to the transferred members in connection with the transfer of the assets.

“4.1 The commuted value of the benefits referred to in paragraph 4 is determined as of the effective date of the transfer of the assets.”

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The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Yes, an explanation, please.

Mr. Wayne Arthurs: The motion, as proposed, clarifies that only transferred members and not retirees or deferred members can be provided with different benefits in a successor pension plan. It also clarifies the references to the commuted value amount as to the effective date of the transfer of assets. This is in response to stakeholder requests for clarification.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? Carried.

Motion 44 is a government motion.

Mr. Wayne Arthurs: I move that subsection 80.1(4) of the act, as set out in section 69 of the bill, be amended by striking out the portion before clause (a) and substituting the following:

“Transfer agreement

“(4) The administrator of the original pension plan and the administrator of the successor pension plan or such other persons as may be prescribed may enter into an agreement,”

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: An explanation, please.

Mr. Wayne Arthurs: The motion replaces references to “employer” with “administrator” to clarify who is responsible for negotiating transfer agreements between pension plans.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I’ll put the question. All in favour? Carried.

Motion 45 is a government motion.

Mr. Wayne Arthurs: I move that clause 80.1(4)(b) of the act, as set out in section 69 of the bill, be amended by striking out “for all or any of the transferred members, former members, retired members and other persons entitled to benefits under the original pension plan” at the end and substituting “for all or any of the transferred members”.

The Chair (Mr. Pat Hoy): Any comment? We’re okay on that one? I’ll put the question. All in favour? Opposed? Carried.

Motion 46 is a government motion.

Mr. Wayne Arthurs: I move that subsection 80.1(7) of the act, as set out in section 69 of the bill, be amended by striking out “for the transferred members, former members, retired members and other persons” and substituting “for the transferred members”.

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I’ll put the question. All in favour? Carried.

Motion 47 is a government motion.

Mr. Wayne Arthurs: I move that subsection 80.1(10) of the act, as set out in section 69 of the bill, be amended by striking out “July 1, 2013” and substituting “July 1, 2015”.

Mr. Paul Miller: Can I get a recorded vote on this?

I have a question. Why are you extending it two years?

Mr. Wayne Arthurs: The motion, as proposed, does extend the expiry date by two years, from July 2013 to July 2015, for resolving issues related to past divestments. This is in response to stakeholder requests for additional time to negotiate and implement transfer agreements.

Mr. Paul Miller: Which stakeholders would that be?

Mr. Wayne Arthurs: I don’t have the list in front of me for that purpose, but it was a result of some of the inputs we had.

Mr. Paul Miller: Okay. Maybe they can supply us with them.

Mr. Wayne Arthurs: Would anyone have that handily ready at this point? Is it part of the background information?

Ms. Celia Harte: I don’t have a list of specific names. I can say, though, that there were both stakeholders representing the employee union side and stakeholders representing employers.

Mr. Wayne Arthurs: If you’d like, we’ll undertake to try to be more specific before we complete the reading process if we can.

Mr. Paul Miller: Okay. Recorded vote.

The Chair (Mr. Pat Hoy): Any other comment?

Ayes

Albanese, Arthurs, Barrett, Jaczek, Levac, Norm Miller, Murray.

Nays

Paul Miller.

The Chair (Mr. Pat Hoy): That carries.

Shall section 69, as amended, carry? All in favour? Carried.

There are no amendments for section 70. Shall section 70 carry? Carried.

Section 71, page 48: government motion, Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 81(2.1) of the act, as set out in subsection 71(2) of the bill, be struck out and the following substituted:

“Same

“(2.1) Subsection (2) does not require the successor pension plan to provide the same pension benefits and other benefits for the transferred members that were provided for them under the original pension plan.”

The Chair (Mr. Pat Hoy): Comment? Did you have—

Mr. Norm Miller: Yes, could I just get an explanation?

Mr. Wayne Arthurs: I'll undertake, when we do the next motion, maybe to duplicate.

The Chair (Mr. Pat Hoy): All in favour? Opposed? Carried.

Number 49 is a government motion.

Mr. Wayne Arthurs: I move that subsection 81(5) of the act, as set out in subsection 71(4) of the bill, be amended by striking out "The employer or such other persons as may be prescribed may apply" at the beginning and substituting "The administrator of either pension plan or such other persons as may be prescribed may apply".

Mr. Norm Miller: An explanation, please.

Mr. Wayne Arthurs: I'll do two things. On motion 49, this motion changes the reference from "employer" to "the administrator of either pension plan" in order to reflect the normal practice where plan administrators, rather than employers, deal with FSCO.

I know there was a question with regard to motion 48. If you'd allow me to back up, that particular motion revises wording to make it consistent with similar subsections, particularly subsections 79.2(12) and 80(8), and clarifies that these provisions apply only to transferred members.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? Carried.

Number 50: a government motion.

Mr. Wayne Arthurs: I move that paragraph 2 of subsection 81(6) of the act, as set out in subsection 71(4) of the bill, be struck out and the following substituted:

"2. If the pension benefits and other benefits to be provided under the successor pension plan for the transferred members are not the same as the pension benefits and other benefits provided for them under the original pension plan, the commuted value of the benefits provided for the transferred members under the successor pension plan must not be less than the commuted value of the benefits provided for them under the original pension plan, as adjusted for any payments made from the original pension plan to a prescribed retirement savings arrangement or directly to the transferred members in connection with the transfer of the assets.

"2.1 The commuted value of the benefits referred to in paragraph 2 is determined as of the effective date of the transfer of the assets."

The Chair (Mr. Pat Hoy): Comment?

Mr. Norm Miller: Explanation, please, Mr. Parliamentary Assistant.

Mr. Wayne Arthurs: The proposed motion would clarify that only transferred members can be provided with different benefits in a successor pension plan and not retirees or deferred members. It clarifies that the references to the commuted value are as of the effective date of the transfer of assets.

The Chair (Mr. Pat Hoy): Any other comment? All in favour? Opposed? Carried.

Mr. Wayne Arthurs: Mr. Chairman, 51, if you're moving to that? Motion 51?

The Chair (Mr. Pat Hoy): No, I've got some work to do here.

Mr. Wayne Arthurs: Just when you get to 51.

The Chair (Mr. Pat Hoy): Shall section 71, as amended, carry? Carried.

There are no amendments for sections 72, 73 and 74. Shall those sections carry? Carried.

Now we're at 51, an NDP motion—

Mr. Wayne Arthurs: Can I ask whether motion 51 is in order, as this part of the act hasn't been opened up?

The Chair (Mr. Pat Hoy): I'll let the motion be put on the record first.

Mr. Miller, page 51.

Mr. Paul Miller: I move that the bill be amended by adding the following section:

"74.1 Paragraph 3 of section 85 of the act is repealed and the following substituted:

"3. The amount of any pension or pension benefit, including any bridging supplement, in excess of \$2,500 per month or such greater amount as is prescribed by the regulations."

An explanation is the pension benefit—

The Chair (Mr. Pat Hoy): Now I would make my ruling that the motion is out of order, because that section of the bill is not open.

Mr. Paul Miller: Mr. Chairman, with all due respect, did the pension act—this is part of the pension act.

The Chair (Mr. Pat Hoy): This part of the act is not open.

Mr. Paul Miller: It's because the government hasn't brought it forward until the fall, if they're bringing it forward at all, but there's no reason why this can't be put on record, because we deal—

The Chair (Mr. Pat Hoy): You can have it on the record but it's out of order.

Mr. Paul Miller: We deal with subsections that affect other subsections, but they're saying this is non-existent, then? It's not part of the pension act?

The Chair (Mr. Pat Hoy): It's not open.

Mr. Paul Miller: It's not open. Can you define the word "open" for me?

The Chair (Mr. Pat Hoy): Well, it's not—

Mr. Paul Miller: You mean you're not dealing with it, or it's—what do you mean it's not open?

The Chair (Mr. Pat Hoy): This committee is not, no—of this section. Section 85 is not amended by the bill as introduced.

Mr. Paul Miller: Is that the legislative counsel's opinion? Can I have an explanation from you on this, why this is not acceptable?

The Chair (Mr. Pat Hoy): It's my decision that it's out of order, so therefore it is out of order.

Mr. Paul Miller: It's your decision. Can I have a vote on that?

Interjection.

Mr. Paul Miller: That's your decision. Wow.

The Chair (Mr. Pat Hoy): It's out of order.

Mr. Paul Miller: In your opinion.

The Chair (Mr. Pat Hoy): This section is out of order.

Mr. Paul Miller: That's one for the records. Okay. All right.

The Chair (Mr. Pat Hoy): Now then, we'll move to section—no amendments to section 75. Shall section 75 carry? Carried.

Sections 76, 77, 78, 79 and 80 have no amendments. Shall those sections carry? Carried.

Now we're on page 52 in your packet, section 81. Mr. Arthurs.

Mr. Wayne Arthurs: I move that paragraph 17 of subsection 81(2) of the bill be amended by striking out "Subsections 55(1) and (3)" at the beginning and substituting "Subsections 55(1), (2.1) and (3)".

Mr. Norm Miller: Mr. Chair, if the parliamentary assistant could explain what this is about, please?

Mr. Wayne Arthurs: The proposed motion reflects the addition of subsection 55(2.1) of the bill, and the motion is needed if motion 24, which adds subsection 55(2.1), is passed. We dealt with motion 24 at an earlier point in the day, so we need to make the adjustment in the numbering sequence.

The Chair (Mr. Pat Hoy): Mr. Murray.

Mr. Glen R. Murray: If I understand this right, section 85 of the bill has not been introduced yet. Do I understand?

The Chair (Mr. Pat Hoy): I've ruled on that.

Mr. Glen R. Murray: Okay, that's all. I'm just trying to understand that, as a new kid here.

The Chair (Mr. Pat Hoy): Back to this motion: Any other comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Number 53 is a government motion. Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 81(3) of the bill be amended by striking out "January 1, 2012" and substituting "July 1, 2012".

The Chair (Mr. Pat Hoy): Any comment?

Mr. Paul Miller: Recorded vote, please.

Mr. Norm Miller: Was that the six months' additional transition time, as previously one of the other amendments dealt with?

Mr. Wayne Arthurs: Yes, exactly.

The Chair (Mr. Pat Hoy): Any other points? A recorded vote is requested.

Ayes

Albanese, Arthurs, Jaczek, Levac, Norm Miller, Murray.

Nays

Paul Miller.

The Chair (Mr. Pat Hoy): The motion is carried.

Number 54 is a government motion. Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 81(4) of the bill be amended by striking out "July 1, 2013" and substituting "July 1, 2015".

For the benefit of the members opposite, this also reflects the adjustment to the motion we passed earlier on the divestment issue.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Paul Miller: Recorded vote, please.

The Chair (Mr. Pat Hoy): A recorded vote is requested.

Ayes

Albanese, Arthurs, Jaczek, Levac, Murray.

Nays

Paul Miller.

The Chair (Mr. Pat Hoy): The motion carries.

Shall section 81, as amended, carry? Carried.

Section 82 has no amendments. Shall section 82 carry? Carried.

Shall the title of the bill carry? Carried.

Shall Bill 236, as amended, carry? Carried.

Shall I report the bill, as amended, to the House? Agreed.

We are adjourned.

The committee adjourned at 1434.

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STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

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Mr. Paul Miller (Hamilton East–Stoney Creek / Hamilton-Est–Stoney Creek ND)

Also taking part

Ms. Celia Harte, senior policy adviser, Ministry of Finance

Clerk / Greffier

Mr. William Short

Staff / Personnel

Ms. Laura Hopkins, legislative counsel



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Second Session, 39th Parliament

Assemblée législative de l'Ontario

Deuxième session, 39^e législature

Official Report of Debates (Hansard)

Thursday 29 April 2010

Journal des débats (Hansard)

Jeudi 29 avril 2010

Standing Committee on Finance and Economic Affairs

Creating the Foundation
for Jobs and Growth Act, 2010

Comité permanent des finances et des affaires économiques

Loi de 2010 posant les fondations
de l'emploi et de la croissance

Chair: Pat Hoy
Clerk: William Short

Président : Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 29 April 2010

Jeudi 29 avril 2010

The committee met at 0902 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order.

Our first order of business would be to have the subcommittee report read. Ms. Albanese.

Mrs. Laura Albanese: Your subcommittee met on Thursday, April 22, 2010, to consider the method of proceeding on Bill 16, An Act to implement 2010 Budget measures and to enact, amend or repeal various Acts, and recommends the following:

(1) That, pursuant to the order of the House dated April 21, 2010, the committee hold public hearings in Toronto on Thursday, April 29, 2010.

(2) That the committee clerk, in consultation with the Chair, post information regarding public hearings on Canada NewsWire, the Ontario parliamentary channel and the committee's website.

(3) That interested parties who wish to be considered to make an oral presentation contact the committee clerk by 5 p.m. on Tuesday, April 27, 2010.

(4) That the committee clerk be directed to commence scheduling witnesses on a first come, first served basis.

(5) That, if necessary, the members of the subcommittee prioritize the list of requests to appear that have not been scheduled by the deadline of 5 p.m. on Tuesday, April 27, 2010, and return their prioritized lists to the committee clerk by 12 noon on Wednesday, April 28, 2010.

(6) That witnesses be offered 10 minutes for their presentation, and that witnesses be scheduled in 15-minute intervals to allow for questions from committee members.

(7) That the deadline for written submissions be 5 p.m. on Thursday, April 29, 2010.

(8) That the research officer provide a summary of presentations by 12 noon on Monday, May 3, 2010.

(9) That, pursuant to the order of the House dated April 21, 2010, amendments to the bill be filed with the clerk of the committee by 12 noon on Tuesday, May 4, 2010.

(10) That, pursuant to the order of the House dated April 21, 2010, the committee meet on Thursday, May 6, 2010, for clause-by-clause consideration of the bill.

(11) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

The Chair (Mr. Pat Hoy): There we have our subcommittee report. All in favour?

Mr. Norm Miller: Comments, please?

The Chair (Mr. Pat Hoy): Yes.

Mr. Norm Miller: I'd just like to get on the record that there wasn't that much for the subcommittee to decide because of the draconian time allocation put forward by the government, which limits public hearings on this budget bill to one day, today, even though it's a substantial budget bill with 31 separate schedules—the one schedule, in particular, which affects the pharmacists in this province. So even though there's been very limited advertising because we only had days to make people aware of it, we do have a full slate of presenters here today, many of which I see are pharmacies or pharmacists.

But I would certainly like to get on record that I don't think this is the way we should be handling a major, significant budget bill, that we're really not allowing any time at all for those people who might be interested in that one schedule, but also the other 30 schedules, to even be aware that this process is going on. Thank you.

The Chair (Mr. Pat Hoy): Thank you. Any other comment? Hearing none, all in favour of the subcommittee report? Carried. Very good.

Our first presenter of the day has cancelled, so we will recess until 9:15 or when some other presenter would arrive.

The committee recessed from 0906 to 0915.

CREATING THE FOUNDATION
FOR JOBS AND GROWTH ACT, 2010LOI DE 2010 POSANT LES FONDATIONS
DE L'EMPLOI ET DE LA CROISSANCE

Consideration of Bill 16, An Act to implement 2010 Budget measures and to enact or amend various Acts /
Projet de loi 16, Loi mettant en oeuvre certaines mesures énoncées dans le Budget de 2010 et édictant ou modifiant diverses lois.

HAWTHORNE PHARMACY

The Chair (Mr. Pat Hoy): The committee will now come to order again. We have Hawthorne Pharmacy. We appreciate you coming in early so that we can begin. You have up to 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would ask you to identify yourself for our recording, and then you can begin.

Mr. Faisal Khawaja: Thank you, Mr. Chairman. Good morning. My name is Faisal Khawaja, and I'm a community pharmacist. I am grateful for the opportunity to address this committee this morning.

For many years, early in my career, I worked as a palliative care pharmacist, advising family doctors, specialists, nurses and caregivers on how to best use medications for pain and symptom management in end-of-life care, a competency I maintain to this day.

I'm certified in diabetes, asthma and hypertension disease state management, and I have 15 years of experience in specialty compounding. For the past nine years, I have worked as an independent pharmacy practitioner and, recently, have delved further into the field of substance abuse and recovery, an interest I've held since university. And that is just an excerpt.

If you think my qualifications are unusual, then you don't understand what it is that pharmacists know and do for their patients every day and why the people of this province are ready to revolt against these funding cuts.

Four years ago, during the many oral presentations on Bill 102, I stood before a similar committee, with some of the same faces perhaps present at the table, and I explained, or so I thought, very clearly that the massive funding cuts being proposed at that time were putting patient care and Ontarians' lives at risk. You acknowledged that fact, or so it seemed, and although Ontario's pharmacies still ended up suffering cuts of a staggering \$600 million per year, we were still allowed a small measure of ability to keep our doors open.

In particular, the McGuinty government acknowledged that, like similar legislation in the US, it could only justify the regulation of prices and practices for prescriptions that it paid for and left private prescriptions alone. But within these walls, it seems memory is exceedingly short. Here I am again, four years later, in front of another committee, facing not just more cuts but a complete and utter amputation of the health care infrastructure that allows pharmacists to provide Ontarians with safe, efficient drug treatment and comprehensive health care.

Forgive me, but I'm sick and tired of hearing that our health care system is broken. It may not be perfect, but it is definitely not broken—at least not as far as pharmacist care is concerned. Even with all of the negative rhetoric from the government in the past few months, I have not heard a single MPP or a member of the public claim that the people of this province receive anything less than world-class health care from their pharmacists. That fact is undisputed.

Ontarians enjoy a level of pharmacist care that is more accessible, more in-depth and more comprehensive than at any time in our history. This care is delivered by pharmacists who are better trained, better equipped and more directly involved in achieving health outcomes for patients than ever before. In fact, Ontario's pharmacies do such a great job of delivering lean, efficient health care that this government seeks to leverage our expertise and our numbers in the future by expanding our scope of practice to include ordering lab work, renewing prescriptions, administering injections etc.

As an aside, the government has talked about \$100 million in new funding for these expanded services, and that's great. More work deserves more funding, but those services are many years and many amendments to other pieces of legislation away. So let's agree right now to stop pretending that that funding announcement for those extra services has anything at all to do with these cuts. Okay?

The current system also ensures our society secure, reliable distribution of thousands of medications that have the power not just to save lives, but also the power, except for the constant vigilance of Ontario's hard-working pharmacists, to cause great harm, even death. How can you, as MPPs, be so cavalier about the lives of the people you have been elected by, and who we, as pharmacists, have sworn to protect? If you want to see a broken system, visit one where pharmacists have no role in patient care, are inaccessible or non-existent. That's where we are headed with the proposed cuts.

0920

Forgive my chastising tone, but I cannot help but feel that it is warranted when a government, which cannot possibly deny knowledge of an issue so critical to the lives of Ontarians, feigns ignorance.

Yasir Naqvi, MPP for Ottawa Centre, stood up in this Legislature last week and said that he had been—and I quote—"talking to them"—pharmacists—"for some time about this particular issue and I've asked this question again and again of them: 'Please explain to me why prices for drugs are so high in the province of Ontario.' And there is no reasonable explanation for it."

So, for the benefit of Mr. Naqvi, and anyone else who is new to this committee, this province or this planet, permit me to enlighten you with a brief history lesson.

In a nutshell, the Ontario government pays for prescriptions for seniors, low-income families, people with disabilities and those in nursing homes. Over the last 20 years, the government has raised the prescription fee that it pays to pharmacies by just 56 cents. It now stands at \$7. Over those same 20 years, the average cost—our cost to provide this medication—has risen to about \$14, which is double what we actually receive. This massive funding gap means that pharmacies would lose money on every prescription we dispensed. Professional allowances, set into law by this government in 2006, bridge that gap. So, private funding has paid for what is, in fact, a public responsibility. Maybe, just maybe, that's one possible reason why we have higher generic prices. Now,

raise your hands if you didn't understand that. That took me all of 15 seconds.

Actually, allowances were a pretty good deal for the government, when you think about it. No wonder they gave their tacit approval for years and even enacted them into law in 2006. Now, in a turn of—pardon me—shameless duplicity, mendacity, greed, desperation or, at the very least, utter ignorance, they claim to know of “no reasonable explanation for it.”

What's worse, they seek to punish those who, in safeguarding public health, seek only fair compensation that addresses their costs and the risks associated with running a retail health care practice. This should be a cause for shame and remorse on the part of the government. Instead, they choose to demonize pharmacists and attempt to smear our image in the media.

Pharmacists are committed to making our funding system more straightforward and transparent. We support lowering drug prices, branded and generic, and we support the replacement of professional allowances with a model that more directly pays us for the myriad of services we provide every day.

Amazingly, we've even agreed to change how much we are paid. Our coalition's final proposal would have saved the government \$260 million in the first year alone and \$1.3 billion over three years. This is on top of the \$600 million annually taken out since 2006. I can tell you that even our own proposal has some pharmacies wondering how they will survive. Not everyone is happy about it.

Remember, we've acknowledged that pharmacies run pretty lean already. We did our share in social contract, we did our share when we became user-fee tax collectors for the government in 1995, and we did our share in 2006. Pharmacists are committed to the sustainability of our health care budgets, as we always have been.

Our coalition negotiating committee never left the bargaining table. The government folded the table up and closed the door. By the way, the Ontario Pharmacists' Association is not our negotiating body in this matter, as Minister Matthews would have the public believe, and a fact that she knows full well.

We have agreed to straightforwardness and transparency, even if the government cannot or will not. All that remains is for the government to do the right thing for Ontarians and for those of us who serve them.

Ladies and gentlemen, pharmacists are health care providers. Pharmacists are stewards of the controlled distribution of powerful prescription medicines. Patients live or die by the vigilance of their pharmacist. Ontario's pharmacists provide a level of patient care that is second to none in the world.

Combined with the fact that there are countries where the price of generic drugs is actually even higher than Ontario, for example, Switzerland and France, we can conclude that Ontario's taxpayers receive excellent value for their money from pharmacists today. However, our ability to continue to provide that vigilance is directly threatened by the cuts currently proposed by the government.

Could we be doing even more to enhance the health of our patients and save taxpayers even more money? Yes, and we have the training and the expertise. But those few pharmacies that survive these proposed cuts will not have the time, will not have the resources and will not have the energy to provide any kind of expanded services because they'll be too busy, heads down, trying to fill enough prescriptions to keep the doors open and the lights on.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Faisal Khawaja: Thank you. I will conclude.

The infrastructure will simply not be there.

In closing, I will leave you with this thought. Last week, I sat in the gallery here at Queen's Park and I listened to the Minister of Health lament the fact that Ontarians are still dying on organ and tissue transplant waiting lists because of the lack of donors. She called on her fellow MPPs to sign their donor cards and to help get the word out about the need to sign your donor card.

If Minister Matthews chose to respect pharmacists instead of attacking us, to leverage our unparalleled accessibility instead of criticizing our numbers, to truly partner with us, I'm willing to bet that, together, we could lick that problem in a heartbeat. So consider our invitation extended. End the rhetoric and let's get to work on a solution that works for both sides. That's what Ontarians want. Just imagine Ontario's pharmacies as 3,000 immunization centres, 3,000 pandemic rapid-response sites, 3,000 health promotion clinics. That's how Ontarians see us, not just as so many Tim Hortons. Thank you.

The Chair (Mr. Pat Hoy): And thank you. The questioning in this round will go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you, Faisal, for your presentation. I know Toby has a question as well, so I would like to get a couple in first.

Mr. Faisal Khawaja: Sure.

Mr. Norm Miller: First of all, what will these cuts mean to the health care services you provide for your clients?

Mr. Faisal Khawaja: First of all, the cuts are so deep that essentially they will remove the equivalent of two pharmacists from my pharmacy. I only employ two pharmacists, myself and another. There will be no one left to provide patient service at all in my store, and a pharmacy cannot open, cannot operate, without a pharmacist present. So what it means for patients is that they cannot have access to the pharmacist of their choice and, inevitably, across the whole of this province, patient care will suffer.

Mr. Norm Miller: Secondly—and thank you for that answer—as you explained, there's kind of this wonky system that we have in Ontario where you're not paid the actual cost of dispensing with the fees for drugs on the Ontario drug benefit plan. You say you are willing to work with the government. You were working with the government. You support lower drug prices. What kinds of things were you suggesting, and why is the government not willing to work with you?

Mr. Faisal Khawaja: Well, our coalition had presented, over the course of nine months of research, third

party validated information. We had developed and presented three separate proposals to the government that would have saved about \$1.3 billion over three years. Those strategies were all outlined within those proposals. The government has those proposals in hand.

So, like I said, we're committed to lowering generic drug prices; we're committed to the elimination of professional allowances. Pharmacists' professional services that are provided today—not an expanded scope of practice for the future, but the professional services that we provide today—need to continue to be funded. I am the last line of defence for a patient who's receiving medication influences from their family doctor, their specialist, a walk-in clinic, emergency or infomercials on TV to make sure that whatever they are taking does not harm them or kill them.

Those are the types of professional services that we would like to ensure continue to be accessible for the people of this province, and those must be funded.

Mr. Norm Miller: Thank you, and I'll pass it on to Toby.

Mr. Toby Barrett: Thank you, Faisal. I don't know whether you can address this. The government has claimed it will be providing a larger dispensing fee for rural and remote pharmacies to help cushion the blow, but they haven't defined what "rural" is. We know with respect to physician recruitment that the Ministry of Health has changed the rules and many areas are no longer officially defined as "rural." Any discussion of that with your colleagues?

Mr. Faisal Khawaja: I'm not aware of how the government is going to decide or determine what the rules will be for designation of a rural pharmacy, but I think that's a bit of a red herring, frankly. The number of pharmacies that could potentially be designated is probably not more than 200 or 300. That leaves 2,700-plus pharmacies in the lurch which represent the large bulk of the patients of this province who are going to suffer. Even if the government were to increase it by \$4 for those rural pharmacies, it will still fall below what the cost of dispensing is in this province.

Mr. Toby Barrett: Okay. Thank you very much.

The Chair (Mr. Pat Hoy): And thank you for your presentation.

0930

REGISTERED NURSES' ASSOCIATION OF ONTARIO

The Chair (Mr. Pat Hoy): Now I call on the Registered Nurses' Association of Ontario to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would ask you to identify yourselves for our recording Hansard.

Ms. Doris Grinspun: Thank you very much. Good morning, everyone. My name is Doris Grinspun, and I'm the executive director of the Registered Nurses' Associ-

ation of Ontario, RNAO. With me today is Rob Milling, our director of health and medicine policy.

RNAO is the professional association for registered nurses who practise in all roles and sectors of the province. Today, we represent over 30,000 registered nurses. Our mandate is to advocate for healthy public policy and for the role of registered nurses in enhancing the health of Ontarians.

We appreciate the opportunity to present to you today on Bill 16.

Registered nurses know there are certain things that shape our ability to be healthy: where we are born, how we are raised, opportunities for education and work. Our environment is also a crucial factor.

We learned recently, for example, that almost 250 people die each year as a result of coal-fired electricity generation. Although Ontario has committed to ending its reliance on coal by 2014, we know that closing these plants now, instead of four years down the road, would save 1,000 lives, in addition to the over 100,000 illnesses, such as asthma attacks, that people will suffer while waiting for the phase-out.

We also know that addressing poverty so that every Ontarian has access to adequate amounts of healthy food and access to affordable housing will allow people to achieve their full potential.

RNAO welcomed the 1% increase to social assistance rates announced in the 2010 budget. However, we all know that it does not reflect the real cost of living in Ontario. In fact, by the time the increase is implemented late next fall, only \$6 will be added to the pockets of people on assistance. That's nothing.

Just the other day, I attended a public health summit, together with the agency for public health, and listened to the eloquent words of Michael Creek. He belongs to a group called Voices from the Street. Michael and others talk openly about their shared experiences of what it's like to live in hunger, to experience the shame, humiliation and anger of not having enough and trying desperately to make ends meet. Commitment to a poverty reduction strategy must mean, in addition to words and a plan, multi-year sustainable funding so that all Ontarians can achieve their full potential with dignity.

That's why Ontario's registered nurses urge the government to transform Ontario's social assistance system from a punitive system of complicated and contradictory rules and regulations into one that is focused on people and families and that treats them with respect. This includes raising rates significantly so that they are based on actual local living costs for food and shelter.

We're asking you to introduce a \$100-per-month healthy food supplement as a step towards addressing the gap between dangerously low social assistance rates and nutritional requirements.

And with respect to the recently announced changes to the special diet allowance program, we ask that the government make sure that access to healthy food is maintained by retaining at least the current budget allocation of \$250 million and by not restricting these funds

only to complex medical illnesses. Pregnant women who live in poverty also need a healthy diet to sustain themselves and their soon-to-be baby, and if we don't do that, we will pay in other ways later on as a society. Not only will they and their kids pay, but we will pay in financial terms too.

Ontario's registered nurses are also committed to strengthening our publicly financed, not-for-profit health care system as the most efficient, effective and equitable way to allocate health care services based on need rather than market forces that reward greed.

Our platform, Creating Vibrant Communities, highlights the evidence of not-for-profit health care, proving this approach delivers higher quality and lower cost than other alternatives while at the same time improving continuity of care and caregiver, standards for long-term care and access to home care, mental health and addiction services.

The 2010 budget's affirmation of the government's commitment to open all of the 25 additional nurse-practitioner-led clinics will help thousands of people who are currently having difficulty getting access to primary care. Most importantly, though, these clinics must not only be announcements. To serve the public, they must be open now.

As the province begins to emerge from the recession, we look forward to government efforts to fast-track funding and implementation of the promised 9,000 additional full-time nursing positions. RNAO is becoming increasingly concerned with experiences shared by RNs across the province about fewer employment opportunities. We are now, and for the first time in many years, sounding the alarm bell and saying to government and employers: We must not return to the 1990s. We cannot return to the 1990s. Open the doors wide and fully so that RNs, including all our new graduates, remain in Ontario. This is necessary if we are to ensure patients receive the quality care they need and deserve. In fact, replacing RNs with less qualified care providers is foolish and irresponsible for patients.

RNAO is very pleased with the budget's commitment to review the Public Hospitals Act to tap the expertise of all health care professionals and community partners. This includes moving swiftly to authorize nurse practitioners to admit, treat and discharge patients in inpatient units. This will facilitate the decrease of wait times and facilitate patients' flow through the system.

We also welcome promised legislation that will make health care providers and executives more accountable for improving patient care. We ask that the same wisdom be applied to changing organizational structures such as medical advisory committees, MACs, for more inclusive and interdisciplinary ones such as the interprofessional advisory committees, IPACs, proposed by RNAO following the murder of our colleague Lori Dupont.

In the limited time we have, I would like to focus the rest of our remarks on how we can work together to strengthen our health care system. Let me start with a statement for our colleagues, the pharmacists. We sup-

port pharmacists in this province. In fact, RNAO has supported their expanded scope of practice from the beginning when they asked until it was proposed by the government.

RNAO welcomes proposed changes to Ontario's drug system that would facilitate lower prices for generic drugs, increase supports for pharmacies in rural and underserved areas, and support the expansion of clinical services provided by pharmacists.

In 2009, spending on drugs accounted for 16.4%, or \$30 billion, of health care expenditures in Canada. Health care spending on drugs nationally has almost doubled over the last 30 years and now makes up the second-largest share of health spending. Among the OECD countries, Canada has the second-highest level of total drug expenditures per capita, after the United States, which is not a good example either.

Banning professional allowances or product placement bonuses paid to pharmacies by generic manufacturers could save the health care system \$500 million annually. Ontario pays higher generic drug prices than most industrialized countries. For example, a benchmark of generic drug prices based on the top 18 Ministry of Health drugs showed that the United States paid 25% less than Canada while Spain paid 53% less and the UK 77% less. Removing these professional allowances and ensuring that prices for generic drugs sold in Canada are not significantly higher than they are in other industrialized countries will increase accountability and allow resources to be allocated to other health care needs which are urgent.

The Chair (Mr. Pat Hoy): You have about a minute left.

Ms. Doris Grinspun: While these changes to generic drugs are welcome and in the right direction, we believe that similar bold leadership must also be taken to deal with brand name pharmaceuticals. Big Pharma accounts for about 73% of the roughly \$4 billion spent annually on Ontario's drugs. We believe that Ontario needs to and can provide national leadership to move this next step forward in the country.

0940

The Chair (Mr. Pat Hoy): Thank you for the presentation. This round of questioning will go to the NDP. Mr. Tabuns.

Mr. Peter Tabuns: Doris, thanks very much for coming this morning. The first thing I want to ask you about is the health care impact of eliminating the special diet, and inadequate food for people on welfare. Could you talk about what your members see coming out of this?

Ms. Doris Grinspun: Yes. Let me tell you first that I had a lengthy conversation—twice, in fact—with Minister Deb Matthews. We are not accepting yet that it will be eliminated. We understand, first of all, that those that are currently receiving the allowance will not be affected until there is a new program.

We are urging the minister to actually not cut that funding, not by a penny. If anything, we need to increase that funding. It is basically dealing with an upstream

approach to social determinants of health, or a downstream approach of paying later on in illnesses or, in the case of pregnant women who don't have the means for proper nutrition, in the education system and in other types of systems, and I don't even want to go there.

It is foolish, and we need to ensure that that funding remains intact if nothing else, or increases, and provides the right supports.

Mr. Peter Tabuns: One of the questions or issues you raise here is about hiring of nurses and ensuring that we have a proper level of nursing staffing in this province. We've been raising questions in the Legislature about the loss of nurses. We've been told by the Minister of Health that in fact the nurses are just moving on to community care. Is that what you see?

Ms. Doris Grinspun: The statistics are statistics that we had from a year ago, right? Statistics are always lagging a year, and the statistics don't show a decrease in nursing at this point. But the reason we are raising the alarm bell today, for the first time, is because we are hearing across this province many nurses sharing their experiences that they are either losing their jobs or being moved and not finding other jobs.

What we need to understand is that while we support health system transformation, hospitals will become more acute than ever. Some hospitals are replacing RNs by less-educated and less-prepared people, which is again foolish, based on the evidence and based on the requirements of patients with higher complexity of needs and even shorter lengths of stays.

So we are saying, "Watch it." We cannot go back to the mid- to late 1990s and the hula-hoop era, because we will never be able to recover again.

Mr. Peter Tabuns: One of the things that you talk about is making sure that nurses can graduate and go into employment positions rather than having to leave the province. Are you seeing a loss of nurses out of province now?

Ms. Doris Grinspun: This government needs to be congratulated that, in the midst of the recession, and now, as we are beginning to come out of the recession, it decided, with our advice, to retain the new-graduate guarantee funding and to continue the HealthForceOntario program. The issue is that the government now needs to also pick up the bold leadership on its discourse to employers: that they ought to retain the nurses they have—this is not about replacing them, because we can't afford that in terms of hours of patient care—and integrate the new graduates.

It is our estimate that once the recession is over, many RNs—and RPNs, but RNs mainly—who have put their plans on hold for retirement because of the situation in their family will retire. And unless we do everything to keep as many here as possible and integrate the new graduates, we will be in a terrible situation where we have invested in education but the people will have gone to the US. That's what happened in the late 1990s, as you remember.

The move to retain the new-grad guarantee was the perfect move. Now we need to again ensure that em-

ployers are directed, if need be—I mean, in the time of George Smitherman, employers were directed—to retain as many nurses in this province and to speed up the increase of registered nurses. The replacement of RNs with other, lesser-educated personnel or with unregulated workers is happening in certain facilities across this province. It's not as bad as it was in the mid- to late 1990s, but it brings us the shivers that that period brought, and we need to stop it in its tracks.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

McKESSON CANADA

The Chair (Mr. Pat Hoy): Now I'd ask McKesson Canada to come forward, please. Good morning, gentlemen. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourselves for our recording, and you can begin.

Mr. Jeff Faria: Good morning, Mr. Chair and members of the committee. My name is Jeff Faria. I am the vice-president and general manager for Ontario of McKesson Canada. With me is Anthony Leong, our director of government relations.

Not many people have heard of McKesson Canada, but we are the leading provider of logistics within the Canadian health care marketplace. McKesson Canada's Ontario operations offer same-day and next-day delivery of 35,000 products from 800 manufacturers to 2,600 pharmacies and 270 health care institutions. Our geographical coverage includes 400 pharmacies in the most remote areas of the province, ensuring that patients receive their prescribed therapy in a timely manner no matter where they live.

In Ontario last year, our company provided logistics for over \$3 billion worth of pharmaceutical products. In Ontario, we operate five distribution centres, which provide employment for 900 local residents directly and another 300 indirectly.

Mr. Chair, I would like to also point out that one of our distribution centres is located in your home riding of Chatham-Kent-Essex and we have 71 employees at that facility. We invite you to visit our facility and meet our families.

Patients do not see us or even know about us, but we play a vital role in making drug access and distribution possible. If a patient is prescribed a drug that their local pharmacy does not have in stock or normally does not carry, the pharmacy can go online or pick up the phone and order it from McKesson Canada. Whether the order is for a single bottle of a \$5 medication or multiple medications valued in the thousands, the pharmacy will receive it either the same day or the next day.

We support the Ontario government's mandate to improve the value and accountability of the Ontario drug system. We have watched the work of the Ministry of Health and Long-Term Care and have provided input wherever possible into that process. Unfortunately, our company and, indeed, our industry would suffer great

collateral damage, however unintentionally, by the contents of Bill 16, as well as the proposed regulations that were published on April 8. In this regard, I'd like to draw your attention to two specific issues.

Number one, Bill 16 effectively abolishes professional allowances as a source of funding for community pharmacy. The proposed regulations of April 8 have professional allowances being cut from 25% down to 5% in the ODB market, and gradually reduced to 25% in the private market. This will have an indirect yet significant impact on the wholesale industry.

The sudden loss of income by the pharmacy retailers, who constitute most of our business, increases our risk of bad debt. Today, McKesson Canada provides, on an ongoing basis through extended payment terms, about \$300 million of credit to pharmacies across the province. There is a real possibility that a number of pharmacies may go out of business because of the sudden changes. Unfortunately, pharmacies that go out of business leave their creditors unpaid. We extend, on average, \$150,000 of credit to each pharmacy. For every pharmacy that goes bankrupt, we must find \$12 million of new sales to make up for the loss due to our extremely low margins. To mitigate the risk of bad debt, we are forced to tighten the availability of credit to pharmacies, further exacerbating the financial pressures that they will face.

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We therefore recommend that professional allowances be phased out more gradually over an extended period. This will give pharmacy operators time to adjust their business models accordingly and for new sources of public funding for pharmacies to be implemented, as promised by the government.

Our second issue is with the proposed generic price reductions, which have been outlined in the enabling regulations as part of the overall drug system renewal process, which Bill 16 supports.

When the Transparent Drug System for Patients Act passed in 2006, generic prices were reduced by 20% and, consequently, wholesaler distribution margins on ODB drugs were pushed to a level barely covering costs. The operating margin for pharmaceutical wholesalers in Canada is approximately 1%. It has been proposed by the Ministry of Health that generic prices be reduced for both the public and private markets to 25% of the corresponding brand, effectively halving prices in the ODB market and reducing prices in the private market by 60%.

This dramatic reduction in generic prices will result in wholesalers distributing generic drugs at a loss, threatening the viability of the entire industry. We estimate that between the effective date of May 15, 2010, and the end of 2013, the proposed generic price reductions would result in approximately \$172 million of funding being removed from the Ontario wholesale channel. To put it into perspective, the entire industry would need \$17 billion of new sales, or just over half of Canada's national drug spend, in order to make up this loss.

To address this funding shortfall, we would have no choice but to re-evaluate the key cost drivers of our distribution services, including geographical reach,

delivery frequency and minimum order sizes. This would ultimately result in less timely access to vital medications by patients.

Therefore, similar to what we are advocating for professional allowances, we are proposing that generic prices be reduced in a more gradual manner. If generic price reductions must occur, target a higher pricing level, perhaps 35% instead of 25%, and reduce generic prices gradually over three years. Alternatively, the ministry could price all new generics going forward at 25%, while existing generics be reduced to 25% over a three-year period. This would allow the Ministry of Health to achieve its goals—especially with many significant drugs being genericized very shortly and in the next few years—while at the same time not allowing too crippling an impact on the different sectors within the pharmacy supply chain.

These measures would not completely eliminate the wholesale funding shortfall, but would help to soften the blow. To restore the wholesale industry's funding shortfall, we have also proposed a compensatory financial mechanism in a written submission to the executive officer of the Ontario public drug programs.

In closing, we support the Ontario government's mandate to improve the value and accountability of the Ontario drug system, and we believe that our recommendations will allow the government to pursue its mandate while ensuring that Ontario's pharmacy and wholesale pharmaceutical industries remain viable. For over 100 years, McKesson has taken pride in providing timely and efficient service to all pharmacies and their patients, and we would greatly appreciate the support of the government to continue doing so. Thank you for your attention.

The Chair (Mr. Pat Hoy): Thank you for the presentation. This round of questioning will go to the government. Ms. Albanese.

Mrs. Laura Albanese: Thank you for your presentation and for being here this morning.

In your presentation, you state that you support the Ontario government's mandate to improve the value and accountability of the Ontario drug system. You go on to say that this will have an indirect yet significant impact on the wholesale industry. You then proceed to say that you recommend that professional allowances be phased out more gradually over an extended period of time.

The ODB portion is immediate, but the other is being phased in in three years. Do you not deem that to be sufficient time?

Mr. Jeff Faria: No. The immediate on the ODB is obviously very—it takes a lot of money very quickly out of an industry that will have to redefine itself. We don't believe it gives retail time to define itself, and it doesn't give wholesale time to define itself. Along with how quickly the non-ODB is also going, it just takes too much out too quickly to allow the industry to—

Mrs. Laura Albanese: But did I understand correctly that it makes up about 1% of your margin there? You already only have 1%.

Mr. Jeff Faria: Our margin is only 1% right now. Once that goes below that, the margin disappears very quickly.

Mrs. Laura Albanese: But the rest is going to be phased in in three years.

Mr. Jeff Faria: Our current margin overall—everything—is 1%. Once you take out the generic side, it destroys that margin.

Mrs. Laura Albanese: Oh, I see. Okay. But to improve the accountability of the Ontario drug system, as you know, we are paying a lot more than other countries for drugs. As a government, we do have a duty to make sure that Ontarians are paying a fair price for their drugs.

I have a couple of examples that have really surprised me. I see, for example, this drug for diabetes—and I know that especially, for example, in the riding that I represent, there are many people who suffer from diabetes—and pardon the pronunciation, but I think it's pioglitazone. I read that this drug today costs \$1,253.56. After the reform, it would cost \$313.39. That's a savings of \$940.17 annually. That's a lot of money. Wouldn't you agree that Ontarians are paying too much compared to other countries and that this is a very high savings that they would be getting?

Mr. Anthony Leong: Yes, that's understandable, and certainly we do support the government getting better value for its health care dollars. However, what we believe is that this change that is happening is too much too quickly. For example, the new pharmacy funding that's promised by the governments: There are still no details available. I am actually a pharmacist by background. What we feel is that to gradually transition from this professional allowance funding to the new sources of funding, which will give our pharmacy customers time to adjust and hopefully prevent them from going out of business—which we definitely see the risk of and it's a very significant risk. Eventually, if this transition is done smoothly, we can get to that place where we are getting a better value for the drug spending, while at the same time community pharmacy remains viable and pharmacists can be paid to do these new health care services and supplement the rest of the health care system in terms of providing access to patients. That's what we want too.

Mr. Jeff Faria: There's a danger to looking at the pharmacy—just at the price of the drug, because there's so much more that a pharmacist does that right now has no compensation to it. So it's changing that model.

Mrs. Laura Albanese: I want to stress that our government has great respect for pharmacists and we do value the relationship with them. We know they're highly trained and they're highly skilled experts, so the aim is to better empower them to use these skills. Removing professional allowances will enable the province to reduce the price, but at the same time, I believe that the intent is also to fund these services that the pharmacies give to patients, not through the professional allowances. I guess you would agree that pharmacies should get the funding not from drug companies through these rebates. Would you?

1000

Mr. Anthony Leong: As long as the pharmacy continues to receive the funding it needs, we are in support of pharmacists getting it for the services that they provide. However, we are concerned that this transition is happening too quickly, the money is being taken away too quickly, and the new funds coming in may not be coming in fast enough.

The Chair (Mr. Pat Hoy): Thank you. We'll take that—

Mr. Jeff Faria: Lost in all that is the wholesaler, who is not involved in this at all. With the drop in prices—we get a fee for service. The fee for service on half the price or a quarter of the price significantly impacts us.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

PSYCHIATRIC PATIENT ADVOCATE OFFICE

The Chair (Mr. Pat Hoy): Now I call on the Psychiatric Patient Advocate Office to come forward, please. Good morning. You have up to 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourselves for our recording Hansard, and you can begin.

Mr. Stanley Stylianos: Good morning, Mr. Hoy and committee members. I'm Stanley Stylianos, program manager with the Psychiatric Patient Advocate Office, and I'm joined today by my colleague Ryan Fritsch, who is our legal counsel. We are a rights protection organization that has been around for more than 25 years now, and an arm's-length program of the Ministry of Health and Long-Term Care. The opinions we express today are our own and don't necessarily represent those of the Ministry of Health and Long-Term Care.

We provide rights advice and advocacy services throughout the province. With respect to the provision of rights advice, in the past year we've done more than 22,000 instances of rights advice across the province to both the 10 psychiatric specialty hospitals that were the former provincial psych hospitals and also 54 schedule 1 psychiatric facilities in general hospitals.

We want to focus our concerns on amendments that are proposed in the current bill that concern changes to the Mental Health Act and focus specifically on three areas, some of which pertain to the provision of rights advice, and a new area in the Mental Health Act which introduces a mechanism for transfer of patients who are involuntarily detained under the Mental Health Act.

As you probably know, community treatment orders, under the authority of the Mental Health Act, allow for the development of a community treatment plan that supports patients who would normally be what we have identified as revolving-door patients, allows them to live in the community, and supports their community tenure. Because a community treatment order is a form of treatment, it requires consent, and where an individual is

not capable of consenting to their own community treatment plan, a substitute decision-maker will decide on the community treatment order. The public guardian and trustee acts as a substitute decision-maker in cases where another individual can't be identified.

The current proposed legislation has an amendment which allows for the waiver of the provision of rights advice to the public guardian and trustee as the substitute decision-maker for community treatment orders on both the issuance and the renewal of community treatment orders. We are concerned that the provision of rights advice is an important check and balance in the system and we're concerned that the public guardian and trustee acting as a substitute decision-maker will not be made aware of its obligations as substitute decision-maker, which is a very important function. In fact, the rights advice to the SDM is not something that can be refused by the SDM, so the legislation places a great deal of emphasis on the importance of providing rights advice to the substitute decision-maker. So what we are recommending is that, at least, or minimally, on the issuance of the community treatment order, that substitute decision-makers be provided with rights advice, which is something of a departure from your proposed amendments.

The other proposed amendment that affects the provision of rights advice is where a community treatment order is about to be issued or renewed. There are instances where it is difficult to locate the individual who is subject to the community treatment order. Sometimes this is a function of I guess what we would identify as not the best discharge planning, where the mandated notice to the rights adviser is not made in a timely way. In that instance, the person may be discharged before they actually receive rights advice. We, as the designated rights adviser, may try to locate them, and after our best efforts, may not be able to actually find them in the community. Similarly, if the community treatment order is being renewed, we may have to make considerable efforts to locate a person in the community and provide them with rights advice.

Our concern in this area is that it's the nature of a community treatment order to build in supports and develop a plan that will ensure a person's stay in the community and will support that stay. People who sign or participate in the community treatment plan have an obligation to provide service, in some instances, or to adhere to agreed-upon treatment or a treatment regimen.

If the plan is well crafted—everybody is doing their job—and what is really important is that the person who's subject to the community treatment order buy into and agree to follow the guidelines of the treatment plan. When we as the rights adviser have difficulty locating a person, in our minds, it calls into question how adequately supported that individual may be, because if, at the outset, as in the issuance of a community treatment order, we're already having difficulty locating the person—although, pragmatically, it makes sense to us. We've made our best effort to provide rights advice, and the treatment order will not be further held up—we'll not

be further obligated to try to find that person. This could go on for a long time. It certainly helps us from a practical standpoint. So we support the amendment from that standpoint. However, we want to call to your attention the fact that our belief that where we're experiencing this kind of difficulty and where this sort of amendment is built into the legislation, it also suggests that maybe the community treatment plan and community treatment order are not working in a way that they should be, because these are plans that are supposed to engage the person who's subject to the order.

The next amendment which we are concerned about is the continuance of a community treatment order where an order for an examination has been issued. What this bill is proposing is that where an order for an examination has been issued, which is called a form 47, the person is brought back to the physician who has signed and issued the community treatment order for examination. It's our belief that this is such an extraordinary measure—returning someone to hospital for examination, likely because they're not doing well—and indicates that the community treatment plan and the community treatment order are no longer viable. So we think that it is, respectfully, wrong-minded to contemplate a continuance of an order that now requires someone to be returned to hospital for the purpose of examination.

The folks who are subject to community treatment orders, by and large, I guess, in common parlance, have been identified as the revolving-door patient. So if you were trying to support a person's tenure in the community and break the cycle of repeated readmissions, this is not the kind of thing that you'd like to see.

1010

A community treatment order is supposed to provide the least restrictive environment that enables someone to live in the community. A return to the hospital for examination, in our opinion, should indicate the termination of the community treatment order as it currently exists. So we would ask that that amendment be reconsidered.

Finally, the proposed legislation introduces a mechanism for transferring involuntarily detained patients from one facility to another. Our office supports this as a means of addressing issues related to a patient's recovery, treatment and rehabilitation planning. It makes sense to us that if a person is detained involuntarily for a lengthy period of time, they should have an opportunity to transfer to another facility where the resources that are available there might—

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Stanley Stylianos: Yes—might better serve their needs.

What we feel needs some clarification is the point, if there is a mechanism introduced in the amendments to the Mental Health Act allowing for the transfer—what we are suggesting is that a careful look be taken at the time frames for review by the Consent and Capacity Board, which is the oversight body that would be reviewing a request for transfer. What we're proposing is

that there be an opportunity to review every six months, because if you look at the history of someone normally detained in hospital for a long period of time on an involuntary basis, the clock begins ticking again if that person's status changes. A person might be held for a long period of time, but their status may change. They may be made voluntary, then made involuntary again. They may have a lengthy, essentially involuntary stay in hospital, but with the time frames that are indicated in the proposed amendments, we don't think there will be an adequate opportunity to review the request for transfer, and so request a shorter period for application for review before the board. Again, this is in support of the proposed amendment but to provide for a more accessible review of the request.

We would also suggest that when contemplating the transfer of a patient to another hospital, there be a clear indication that the receiving hospital will actually be able to provide a bed for that individual and the necessary resources; in the case of people who have physical disabilities, that they will be able to fully access the services of that hospital.

That is the substance of our presentation to the committee today.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Mr. Barrett.

Mr. Toby Barrett: I appreciate the Psychiatric Patient Advocate Office testifying today and thank you for the work that you do for people who are so often in no position to look after themselves or who sometimes get in trouble.

Your presentation and the amendments are quite detailed. I just wanted to go back to the beginning. With respect to the government bringing forward amendments, you've grouped them into kind of three categories. What's been driving this? Is this because of deinstitutionalization? Has there been a lawsuit or someone who has gotten into serious trouble?

Mr. Stanley Stylianos: Just in general, or—

Mr. Toby Barrett: You seem to be suggesting in some areas a loss of rights and loss of civil liberties. Is this coming from staff?

Mr. Stanley Stylianos: No. I think this is really drawn from our experience over many years and our continuing experience in serving consumers of mental health services. What we've identified are areas that may encroach on—I mean, we are supporting much of the proposed legislation in this respect, but what we are highlighting for your attention are the areas where patient rights, where people are in-patients in hospital, may be abridged because certain protective mechanisms are loosened.

The first instance, the provision of rights advice to the public guardian and trustee as a substitute decision-maker, on the surface may seem—I mean, the public guardian and trustee in a sense is a professional substitute decision-maker. However, I think they are no less obligated to adhere to the guidelines for SDMs, or substitute decision-makers, than any other substitute decision-

maker who is identified under the consent and capacity legislation. That's an example of an area where, in our experience, plans that are developed in consultation with the PGT suffer from some of the same ills that other plans do. They are not always carefully vetted; sometimes they are boilerplate in their construction. The opportunity for a rights adviser to review a community treatment plan with the PGT as a substitute decision-maker is a chance to review the community treatment plan and bring to the attention of the public guardian and trustee, as the SDM, the features of that plan.

Our concern is also that within the legislation, we think it would be a mistake to create a tiered system of obligation where one category of substitute decision-maker does not have to adhere to the letter of the legislation, but other folks do. What other check and balance would there be for the public guardian and trustee to ensure that it was performing its duties and obligations as a substitute decision-maker?

So we have identified areas where we feel the proposed amendments would be strengthened.

Mr. Toby Barrett: I see that, yes. Did you see this coming? Was there consultation? Did organizations know these amendments were going to be made to the acts?

Mr. Stanley Stylianos: There's always a bit of a buzz, but I don't recall any outreach being done in terms of consulting around the issues. In fact, I guess because this is an omnibus bill—it has a lot of different features to it—we could easily have missed some of the proposed amendments.

I don't know if your question is heading in this direction, but we do have a concern that some of these fairly substantive changes were not more carefully vetted with stakeholders prior to the writing of the proposed amendments.

The Chair (Mr. Pat Hoy): Thank you for your presentation before the committee.

Mr. Stanley Stylianos: Thank you very much.

The Chair (Mr. Pat Hoy): We are recessed until 2 p.m. this afternoon. We expect people to be here for 2 o'clock, so try to be prompt, committee.

The committee recessed from 1016 to 1402.

ONTARIO'S COMMUNITY PHARMACIES

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order.

Our first presentation—who are seated, I assume—is Ontario's Community Pharmacies. You have up to 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard. You can begin.

Ms. Nadine Saby: Good afternoon, Mr. Chair, members of the committee and guests. My name is Nadine Saby. I'm president and CEO of CACDS, the Canadian Association of Chain Drug Stores. My colleagues here today with me are Janet McCutcheon, who is vice-chair of

the Ontario Pharmacists' Association, and Ben Shenouda, who is president of the Independent Pharmacists Association of Ontario. Collectively we represent Ontario's community pharmacies and pharmacists.

Let me be perfectly clear from the outset: Ontario's Community Pharmacies fully support the intent of Bill 16, the creation of a foundation for growth and jobs in Ontario. However, the elements of Bill 16 related to the government's drug program and the associated proposed regulatory amendments, already published for the Ontario Drug Benefit Act and the Drug Interchangeability and Dispensing Fee Act, will reverse growth in the private sector of community pharmacies by forcing a decrease in the number of pharmacies and the services we can provide. This will cause loss of jobs for pharmacy employees, loss of employment opportunities for pharmacy students and interns, and loss of critical front-line health care services for many Ontario communities. We consider this action on the part of the Ontario government to be callous and unnecessarily reckless.

More than an economic issue, our sector is concerned with the impact of a \$3-billion-over-three-years cut to front-line health care in Ontario. Local pharmacists in this province are now the primary resource for those without family doctors, for seniors and for the increasing number of families coping with chronic diseases. They serve Ontarians when others are unavailable. They work into the night and are accessible on weekends. They are there when they are needed. They live to serve. For many, it is their life's work.

Pharmacists have clearly stated that we support the overall intent of reforming Ontario's drug system, to transition toward a different, transparent, predictable and sustainable funding model, one that best serves the interests of our patients and the people of Ontario. We have consistently stated that pharmacy services should not be dependent on the indirect funding provided by drug manufacturers in the form of professional allowances. We support the government's intent to lower the cost of generic drugs and to continue to expand the provincial formulary with new drug listings.

If we're in agreement on the fundamentals, why, then, is there such a disagreement on the approach between pharmacy and government and what ultimately constitutes a reasonable way forward?

The underlying issue is a workable approach to a new model of pharmacy and health care that meets the needs of Ontario's patients. Instead, what we've been forced to endure is an aggressive approach and time frame that makes massive cuts to health care and puts seniors, the poor and the vulnerable in harm's way. The government's actions do not create the basis for a reasonable transition for pharmacies or pharmacists and puts the services that patients have come to expect and trust at extreme risk.

The associated proposed regulations confirm for us that, while pharmacy and the government may agree on a desired end point of transparent funding and expanded scope of pharmacy practice, we are in absolute disagreement as to how to manage this change.

To put it simply, we are in favour of lower drug costs, the elimination of professional allowances, and the definition of commercial terms, provided that front-line pharmacy and health care services are not jeopardized. Such an approach takes careful and collaborative planning, not a hammer to attempt to force change into a complex and interdependent system.

The proposals we put forward during our negotiations with the ministry, which ended with the government of Ontario walking away from the table, were clear in describing the rationale and approach to a new model to ensure continued and enhanced provision of pharmacy services to the people of Ontario. It is unreasonable to assume that an entire industry and profession can be forcefully and substantively reformed virtually overnight, under threat.

The government demonstrated its understanding of this concept as recently as April 27 of this year, when it announced a significant investment of one-time funding to assist in the transition process required for long-term-care homes to implement changes under the new Long-Term Care Homes Act.

The government of Alberta provided a significant investment in transition funding for pharmacies in its solution for pharmaceutical reform this year. The minister recognized the importance of the community pharmacy infrastructure in supporting a solution that benefited Albertans and the fiscal realities of the province of Alberta. Unfortunately, this approach has not been followed in Ontario.

Ms. Janet McCutcheon: Our message is clear: Pharmacists support government policy to lower generic drug prices, eliminate professional allowances, pay directly for pharmacy services, and enable normal, unregulated commercial terms to exist in the marketplace.

Pharmacists disagree with both the speed and the scope of the changes proposed in Bill 16 and the associated proposed regulations. Because we work on the ground with patients every day, we know the system, both its strengths and weaknesses. The government's approach will not work.

1410

Ontario's Community Pharmacies' approach to negotiations is to work collaboratively to find a solution that meets the government's cost-containment objectives while enhancing the level of quality, front-line health care provided by pharmacists. It's unfortunate that the process was terminated by the ministry before an agreement was reached.

We are encouraged by the minister's response to us on April 27, as she has asked her officials to identify opportunities to meet. We call upon the minister to engage in a comprehensive discussion that includes all key stakeholders and ensures the fundamental foundation for the provision of pharmacy and health care services and the continued viability of Ontario community pharmacy.

Ontario's Community Pharmacies—all pharmacies in Ontario—stand united in our belief that existing pharmacy services must remain viable, and our patients agree.

We are ready and willing to enter into constructive, fact-based discussions with this government, to create alignment on a reasonable approach to a system that appropriately manages costs and access to pharmacy services.

In the meantime, we respectfully reiterate our request that the consultation period be extended beyond the established 30 days for at least an additional two-week period, which is in keeping with the government's own procedures for a minimum 45-day consultation period for regulations affecting Ontario businesses.

Mr. Ben Shenouda: It's a fact: Decreasing generic prices to 25% of brand and elimination of professional allowances removes over \$750 million from pharmacy patient care in the first year.

It is a fact: This is not a one-time funding cut. This number will increase annually so that the cuts will total over \$3 billion in three years' time.

It is a fact: These cuts amount to \$300,000 per pharmacy, which represents the equivalent of up to three pharmacists for each store in Ontario.

Professional allowances support health care. They have been approved, legislated, regulated by the government, reported and audited. These are funds that allow pharmacists to provide accessible and effective community health care. We take offence at the minister's maligning the entire sector on this issue. It's simply not true.

There are solutions, generating savings directly from lower generic prices, and what is disturbing is that alternative approaches to significant savings over and above generic prices were rejected outright. We know this because we tabled them with the minister.

Here are several key questions: Do these swift and severe cuts provide a platform for a reasonable approach to a new model? Can pharmacists really be expected to do more while being paid much less? How will the accessibility of community pharmacy be maintained? Which health care provider is accessible, able or willing to close the care gap, and what is the cost of filling that gap? There are just no answers to these questions coming from government.

We are ready and willing, and we have stated our intent to move pharmacy away from a reliance on professional allowances to an appropriate direct-funding model.

We must ensure that the people of Ontario have access to pharmacy services. We must ensure that pharmacies maintain their critical role as community health care centres and that pharmacists maintain their role of community health care providers. This is what the people of Ontario need and expect from pharmacies and from their government.

We will be providing solutions in our comprehensive regulatory submission. This is a complex issue and requires time for full understanding and comprehensive dialogue. We believe that third reading should be delayed and the consultation period should be extended by two weeks to allow for proper response. Thank you.

The Chair (Mr. Pat Hoy): Thank you. This round of questioning will go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Thank you for coming in today and making this presentation. It's interesting: We had a presentation first thing this morning by a pharmacist. He said that the package that you had offered to the government would have reduced costs by \$1.3 billion over three years. Your estimate, and it's consistent with my memory, is that the government savings package is worth about \$3 billion. So there's \$1.7 billion on the table between the two positions.

First of all, can you tell me the framework of thinking that you brought to the table to reach that \$1.3 billion in savings? What is it that could be done differently that would reduce the cost for government drug plans?

Mr. Ben Shenouda: We already discussed the reduction of prices of generic.

Mr. Peter Tabuns: Right.

Mr. Ben Shenouda: We also brought to the attention of the government that one of the key drivers of the increase in costs is utilization. Then, as a negotiation group, we already have put forward a proposition for the government to maintain the utilization under control, and this will save the government—

Mr. Peter Tabuns: I'm going to stop you for a second.

Mr. Ben Shenouda: Sure.

Mr. Peter Tabuns: What does "utilization" mean?

Mr. Ben Shenouda: I'll give you an example—a real example, actually. In 2000, there were 24 prescriptions written for one drug recipient in Ontario. Over six years, this 24 went to 44. There are too many drugs per patient now. The reason for that is that lobbying and promotion by the brand name companies to doctors, to the government side, is increasing, so the number of medications written for patients—it's not necessary to be with any medical significance—is increasing. This is one of the major drivers of cost.

Mr. Peter Tabuns: Fascinating. I have more questions, but that's one part. Are there other parts to your presentation?

Mr. Ben Shenouda: Yes. We already have showed to the government the value that pharmacists can provide when it comes to saving money by moving the burden from the doctor's office and emergency room to the pharmacy and having pharmacists give prescriptions and make some triage and help the patient, with the associated fees for that. We showed them that this will save them more than \$200 million a year.

Mr. Peter Tabuns: You need to fill me in on this: When I go to see a doctor, they do a diagnosis, they do a variety of tests and then they give a prescription; if you're prescribing drugs, what's your diagnostic training that allows you to do that with safety for yourself and for the patient?

Mr. Ben Shenouda: It is not really the diagnosis that we're talking about. How many of our patients go see the family physician for constipation or a headache for two or three days or athlete's foot or minor things like that?

Pharmacists can definitely help with this. It would save visits for the government. Basically, every visit is about \$32 to pay to the physician. You can add those up. We save for the whole system, not specifically for the drug system.

Mr. Peter Tabuns: Okay. I understand that for very minor things, yes, you could recognize it and make a recommendation.

I'm going to go back to utilization. How do you drive down that utilization? How do you eliminate unnecessary prescriptions or overmedication? What would you bring to the table that would allow Ontario to cut its costs?

Ms. Janet McCutcheon: MedsCheck is a good way that we already do recognize whether some medications are used for the same disease state, and maybe that's not necessary. Sometimes those can be errors of omission rather than seeing several doctors and not realizing, or discontinuing those things that are no longer needed because they were only needed for a short period of time while there was some urgent, identified risk. Those are two of the areas where I think that we can do that.

I think a lot of it is patient education. You don't have to necessarily treat every ear infection—giving parents some solace that they can probably manage, unless the condition lasts for a certain length of time. Adults, too, at home—we can often manage without an antibiotic. But recognizing those situations where they need to get to see the doctor is just as prudent. Those are just a couple of things that come to mind.

The Chair (Mr. Pat Hoy): Thank you.

Mr. Ben Shenouda: But to build up on Janet's point, I'll give you an example. For instance, there is a medication that is very famous that is used to treat cholesterol. It's called Zocor. This medication was widely prescribed. Once the medication became generic, the doctors started to stop writing simvastatin, which is the generic version of Zocor, and they started to go for Crestor and Lipitor. Of course, the difference—if it comes to the pharmacy, the pharmacy will call the doctor and tell him that the patient had been on this medication for the last two years and his cholesterol is under control. Why not keep him on simvastatin? This will cost the system money if we don't switch that. We give them the cheaper alternative, which will not impact the medical outcome of the treatment on the patient.

Mr. Peter Tabuns: Thank you. This has been very useful.

Mr. Toby Barrett: On a point of order, Chair: We have a request from this deputation to extend the consultation period to 45 days and to delay third reading. When's the appropriate time to make a motion to that effect?

The Chair (Mr. Pat Hoy): When we do amendments.
1420

Mr. Toby Barrett: And that would be next Friday?

The Chair (Mr. Pat Hoy): Yes.

Interjection.

Mr. Toby Barrett: Or Thursday.

Mr. John O'Toole: Chair, if I could question that—

Interjections.

The Chair (Mr. Pat Hoy): Extend the public hearings?

Mr. Toby Barrett: Yes.

The Chair (Mr. Pat Hoy): But we're time-allocated from the House, so we can't.

Mr. Toby Barrett: I'm sorry: to extend public hearings to 45 days and to delay third reading.

The Chair (Mr. Pat Hoy): We're time-allocated from the House and we cannot do that.

Mr. Toby Barrett: On either issue?

The Chair (Mr. Pat Hoy): On either. Mr. O'Toole.

Mr. John O'Toole: So in other words, all these deputations are basically without any consequence, because we can't extend them—

The Chair (Mr. Pat Hoy): No, we're all here listening.

Mr. John O'Toole: The two requests are made. Do we have assurance that those moved amendments that address these issues they've raised would be considered, or are they outright rejected by the government members, as they've been told? I assume that they're just futile. It's unfortunate.

The Chair (Mr. Pat Hoy): If you are making an amendment to the bill, that would be done next Thursday. Any amendment to how we function here isn't going to happen because we're time-allocated from the vote in the House.

That concludes your presentation. Thank you very much.

PHARMASAVE ONTARIO

The Chair (Mr. Pat Hoy): Now I call Pharmasave Ontario to come forward, please. Good afternoon, gentlemen. You have up to 10 minutes for your presentation. There could be up to five minutes of questioning following that. I'd just ask you to identify yourselves for our recording Hansard.

Mr. Glenn Coon: I will. Thank you.

Two weeks ago, I quite possibly saved a patient's life. He was 45 years old. He was in for his usual blood pressure check during a break from his work. It was relatively normal for him. In consultation, he'd been feeling a little tight in the chest since the night before. I sent him to the hospital. He had surgery the next day—90% blockage—and a stent inserted. Normal health care in a small town: disease-state intervention, life-threatening allergic intervention, drug interaction intervention.

My name is Glenn Coon. My business's name is Port Rowan Pharmasave. My pharmacy is an independent pharmacy that has come together with other independent owners under the banner name of Pharmasave. The leader and person in charge of protecting the independent culture of Pharmasave in Ontario is Doug Sherman. He is here to answer any questions that you may have about our 165 independent pharmacies in Ontario.

My face and the face of my wife, Pam, who is a pharmacist and my business partner, are the faces that my

community seeks for health care. My business is located in Port Rowan, Ontario, and my oldest patients tell me that there has been a retail pharmacy in Port Rowan for over 100 years. Port Rowan is on the north shore of Lake Erie in one of the most rural areas of southwestern Ontario. We are a small retirement community with only one pharmacy. The driving time to the next town with a pharmacy is almost half an hour.

Seventy per cent of my patients and customers are seniors. Because such a high percentage of my patients are seniors, the financial impact of Bill 16 on my store will be more severe than pharmacies serving younger populations. The legislation is even more financially punishing to the pharmacists who serve high senior population demographics, the very group that needs our services the most.

If you have been to my town, you know that Port Rowan is as rural as rural gets. You will not be able to find a more humble, salt-of-the-earth community. Politicians and policy-makers have told me that the citizens of Port Rowan don't complain and will often be overlooked because they don't complain.

They are complaining now. Hundreds of postcards and faxes and petition signatures have been delivered to my MPP. They do not want to lose their pharmacy. They rely upon and trust the health care services I provide.

In small communities like Port Rowan, there are no specialized health service clinics and agencies. Patients come to the local pharmacy to do it all. Anything they ask for, we will make every effort to provide. We will turn no one away, and we deliver trusted and reliable health care.

Home health care, trusted and delivered:

- medication blister packaging for seniors and patients with medication regimes too complex to manage by themselves, trusted and delivered;

- hospital discharge equipment loaning program for mobility and personal hygiene, trusted and delivered, no charge;

- free rural delivery for shut-ins and anyone who asks, trusted and delivered, no charge;

- safe disposal of outdated and unused medication, preventing the flushing of drugs and long line ups at hazardous waste drop-off day, trusted and delivered, no charge;

- safe disposal of sharps and syringes, preventing inadvertent needle pricks and disease transmission, trusted and delivered, no charge;

- disease state management: diabetes, smoking cessation, blood pressure monitoring, nutrition and exercise advice, one-on-one counselling on any disease state, trusted and delivered, no charge;

- over-the-counter-drug interaction advice, including herbal products and vitamins, trusted and delivered, no charge;

- at any time of the day or even after hours, whenever our patients need us, Pam and I respond to Port Rowan's health needs with a phone call at our home or a knock at

our front door. I will always open at midnight, trusted and delivered, no charge.

You get the picture. Just follow your small-town pharmacist around the pharmacy, you'll understand, but bring your roller skates. We don't stand still.

Bill 16 will change that. No professional allowances, plus no meaningful professional fee increase equals health care cuts and a US-style pharmacy model in Ontario: big stores with big volumes and no access to pharmacists and their care.

As for the new revenue that Bill 16 provides, the complex rural indexing allowance of ODB has not been defined and thus, I cannot comment on it. Based on the lack of details provided, I am anticipating the same compensation as a pharmacy at Yonge and Bloor.

The lack of detail about the \$100-million professional services component means that I cannot comment on it. I am anticipating that I will not have the professional staff available to access this envelope.

The lack of clarity to Bill 16's "ordinary commercial terms" leaves me only guessing what the financial impact will be to my business, and so, again, I cannot comment on it. All I know is that Bill 16 is removing professional allowances.

Pharmasave Ontario is a group of small independent pharmacy owners situated largely outside of the GTA. We are a member-owned and member-governed co-operative of pharmacist business owners spread across this province. They are just like me. For the last two years, they have elected me to be their chairman and for 13 years they have employed Doug to protect their independency and, of course, their financial viability.

We pool our resources to employ operational and professional staff. They assist us in offering the highest levels of pharmacy patient care and retail business practices so that, even in the smallest communities of our province, patients can receive immediate quality health care and advice.

With this bill, it will be much harder for Pharmasave members to pay for these support employees who are so vital to our existence. There is a fierce competitive retail environment in Ontario. These cuts put independent pharmacy at risk, especially in small communities.

The Pharmasave pharmacists would like me to say that if their business is taken over by the bank and closed, the communities that they serve will be hurt. The people of Port Rowan will have to travel a minimum of 30 minutes to get their prescription filled. Who is going to be there for them when the doctor's office is closed or they don't have an appointment? The emergency room will have to suffice, a half hour away.

Pharmasave pharmacists give back to our communities. They are generous supporters of community events and local causes. The charitable work of Pharmasave independent owners has contributed almost \$700,000 to the Children's Wish Foundation alone. It raises our emotions when we think how we had to cancel our major fundraising work in 2010 on account of the impending Bill 16.

Pharmasave employees donate their time to run volunteer programs in our communities and even abroad. Today, Gord Lane, the owner of Lane Family Pharmasave in Parry Sound, is in Nicaragua with a team that is offering patient care to an impoverished community. A pharmacist's care stretches far and wide.

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We are not against the eventual elimination of professional allowances, but right now professional allowances are an essential government program that keep independent pharmacies in existence. Yes, Bill 16 and the elimination of professional allowances will put independent pharmacies in a loss position on their bottom line. Yes, the one expense line we can control is wages. And yes, the removal of professional allowances will eliminate and remove good-paying retail sector jobs.

I estimate two full-time equivalent job losses in my small drugstore alone. Multiply that across my fellow Pharmasaves—320 jobs, not to mention the impact on the professional pharmacy and retail support staff of Pharmasave Ontario—quality Ontario jobs. Then multiply that number by the independent pharmacies across the province. And it's not only independents, it's the whole industry: all pharmacies, all suppliers, all wholesalers, all spin-off health care providers. You get the picture. You have a big number of job losses because of Bill 16. Based on the throne speech, this is not what the Minister of Finance had intended, I'm sure.

I am not against the eventual elimination of professional allowances. A well-thought-out transition to full, direct funding by the government that would not compromise patient care in rural Ontario is required. Bill 16 is not the answer.

There is, right now, a tremendous opportunity to protect these patient services and implement more and save a whole lot of money. Don Renaud of Solutions in Health Inc. in Windsor has conducted many studies to prove that patients are better off and use less medication when under a pharmacist's care. Pharmacists save money. Pharmacists improve quality of life. Pharmacists decrease hospitalizations. Pharmacists decrease worker absenteeism. Pharmacists effectively manage disease states, specifically diseases like diabetes and heart disease. Pharmacists save money.

But there is one thing that pharmacists do that cannot be measured: Pharmacists care. Pharmacists really care, and caring is a powerful force. That's why I'm here. And that's why you will continue to hear from my patients in Port Rowan, with postcards, faxes, emails and petitions, until the detrimental effects of Bill 16 on small-town, front-line health care is fixed. Thank you.

The Chair (Mr. Pat Hoy): Thank you. This round of questioning will go to the government. Mr. Arthurs.

Mr. Wayne Arthurs: This is the first opportunity I've had, since I was elsewhere this morning, to hear from some of the deputants, both the last submission and this one.

First, Glenn, as you made the presentation, let me just obviously say thank you for your opening part of the

submission, in particular the work that you do and your reference to the sort of life-saving work that you're doing at that point in time. It doesn't matter who was speaking, at this point we want you to extend that thanks on behalf of all the legislators.

Mr. Glenn Coon: Thank you.

Mr. Wayne Arthurs: A couple of things, if I could. The regulations that have been posted on the ministry website for some feedback, have you seen those? Have you had a chance to provide any feedback on them, or is it your plan at this point to do so or to forego that process?

Mr. Glenn Coon: I have looked at the regulations, specifically the ones that will impact my pharmacy financially. Unfortunately, there are no details to the indexing of the rural fee that will indicate if I'm able to collect a \$1 increase in fee because I'm losing a lot of money on professional allowances. So the direct government funding must make up the difference, and it's unclear.

I'd also like to know what "normal commercial terms" are because what's being pulled out are professional allowances, as it states in the bill, but "normal commercial terms" are not defined and I don't know what that means.

The other thing that is unclear is the \$100 million that is being inputted into professional services. I'm all about that. I want to get that money. I want to know what that professional service money is all about because that's what I do all day long, and that's supported by professional allowances. Right now I don't need to be going after extra professional direct funding from either the patient or the government because professional allowances have made up that funding gap for the things that I do every day in my practice.

Mr. Wayne Arthurs: I've heard, if not almost universally, to a large extent that the removal of the professional allowance—in some cases, the request is that it be over time as opposed to immediately, and it's something that seems to be generally supported. Is that—

Mr. Glenn Coon: Absolutely, yes. We would rather be supported with direct insurance or direct patient funding—

Mr. Doug Sherman: Or a higher dispensing fee or being compensated for the services that are regularly applied, but to remove \$3 billion over three years and replace it with \$300 million in compensation for services that our stores' owners may not be able to provide—because in order to make up the gap they've had to let people go. Where are they going to have the people to actually provide these services for which there's supposedly going to be compensation?

Mr. Wayne Arthurs: We're going to have a deputation later today, and I think the way things are we may not have a chance to ask this question. Susan Eng, the vice-president of advocacy for CARP, the Canadian Association of Retired Persons, has said that, "Lowering the cost of all prescription drugs is a major priority for our members, regardless of whether they are covered by

the Ontario government, private drug plans or paid out of their own pockets.”

It would appear, broadly, that seniors, those retired persons, members of that organization, have indicated their support as well for the reductions in costs of drugs by virtue of reforms of this nature. I know what you're saying: that a lot of your patients are seniors. Would you suggest they probably fall under that group that wants to see lower costs?

Mr. Glenn Coon: If direct funding in the dispensing fee had been raised over the last 20 years to a significant and acceptable level, we would not have needed professional allowances in the first place, then the drug costs would be lower and the dispensing fee would be higher. That's where we're going to end up. We're going to end up with very high dispensing fees put on the back of the working Ontarian to compensate for the lack of funding from the Ontario government and other third party insurers. The people without the drug plans are the ones that are going to pay astronomically high dispensing fees to make up the difference.

Mr. Doug Sherman: If I might add, I don't think Ms. Eng, who seems to be a very intelligent individual, has talked to one of Glenn's seniors in his community or any senior, for that matter, in the communities all across Ontario.

While I haven't followed every single media submission, I'm not so sure that Ms. Eng has the full support that she claims to have when I've heard other things from other people who represent seniors, who would tell you that Bill 16 is going to be devastating to the seniors, specifically and particularly, because they're not going to be able to access the health care that they have been used to accessing, and the concomitant challenges of the ability of all patients to go to their local pharmacy, as opposed to lining up in the emergency room or trying to get a doctor's appointment.

The Chair (Mr. Pat Hoy): Thank you. We're about two minutes over.

Mr. Glenn Coon: Thank you.

The Chair (Mr. Pat Hoy): I don't think you mentioned your name. If you would.

Mr. Glenn Coon: I did. It's Doug Sherman.

Mr. Doug Sherman: I try to keep a low profile. We are member-owned and -governed, and I'm just the hired hand.

The Chair (Mr. Pat Hoy): I wanted you officially on the record. Thanks.

Mr. Doug Sherman: Thanks for your time. We appreciate it.

MR. MICHAEL PROUSSALIDIS

The Chair (Mr. Pat Hoy): Now I ask Michael Proussalidis to come forward.

Mr. Michael Proussalidis: You did a very good job with the name. Thank you.

The Chair (Mr. Pat Hoy): Good afternoon. You have 10 minutes for your presentation. There could be five

minutes of questioning, and if you just state your name before you begin, you could begin.

Mr. Michael Proussalidis: My name is Michael Proussalidis. Thank you very much for hearing from me today. I've been a community pharmacist serving the residents of Ontario since 1993.

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I see that Bill 16, the Creating the Foundation for Jobs and Growth Act, amends many acts, but today, as a pharmacist, I will speak to you about the impact it will have on pharmacy in this province.

As you well know, the Ministry of Health and Long-Term Care, under the direction of Minister Deb Matthews and the executive officer of Ontario drug programs, Helen Stevenson, has proposed to amend regulations in order to reduce drug expenditure by the province. To receive the intended saving of, by the ministry's count, \$500 million, generic drug prices are to be slashed in half. It has been stated by the ministry that this can be achieved if the professional allowances conceived of by the same provincial government in 2006 be eliminated.

As I understand it, the Ontario Drug Benefit Act, 1986, provided for a fee to be paid to cover the pharmacist's professional services and all operating costs. Back then, Ontario paid \$6.47 per prescription for those covered by the program. It was only in 2003, some 17 years later, that the fee increased a net amount of seven cents to \$6.54. In fact, by 2003, senior citizens and others had already been paying a portion of that. Some seniors today pay the first \$100 a year themselves, and then they're asked to pay \$6.11 for each prescription. Other seniors and those through Ontario Works and disability pay \$2 per prescription. Thus, the province only actually puts in, at most, \$4.54. Three years later, that fee increased to \$7, again with the province footing, at most, \$5. For many seniors, the government only puts in 89 cents. This is the lowest fee in Canada. Is this not indicative of what the government estimates that pharmacists' professional services are worth? How can the ministry continue to defend such low fees that do not fulfil, the intent of the act, to cover all operating costs?

An independent study in September 2008 concluded that the median cost for dispensing a prescription in Ontario was \$13.77. This includes things such as rent, hydro, computer systems, as well as wages. The difference between \$7 and \$14 is a gap in funding that has been going on for well over 20 years. The band-aid solution to this gap has been the rebates from generic companies—rebranded as professional allowances—that the province has permitted until now. There already was a shift in the cost burden from government to seniors and those on welfare with the introduction of deductibles and co-payment amounts in 1997. The government was happy at the time to have pharmacists seek funding from private industry and encouraged the practice, as it meant that they would not feel the pressure to pay their fair share.

All of that came to a head in 2006 when this government wanted a share of the pie. In the name of greater

transparency, they rebranded the rebates as professional allowances and began the process of limiting the allowances and dictating generic prices. In the meantime, they legislated the means to receive rebates themselves from the brand name companies. They even provided for their rebates to remain secret. This is what the Transparent Drug System for Patients Act, 2006, created.

Let me say this: I am all for the elimination of professional allowances, but you must understand that these allowances were defined by the government, regulated and monitored by the government, and encouraged by the government. To have them come now, after a nine-month process where solutions to the government's fiscal woes were brought forth on a silver platter and tossed aside, and say that professional allowances were misused, the system was abused, and this is why they want to eliminate them, smacks of disingenuity.

Yes, reduce generic prices. I'm all for that as well. But where is the integrity in the system? Who in government today will say, "Help us deal with our fiscal issues and work with us to improve the system," rather than, "Well, those proposals were nice thoughts, but we prefer to unilaterally announce our plan and to take steps on our own since we really do not want to partner with pharmacists"? Because eliminating professional allowances without replacing them, without reassuming the responsibility to adequately fund the system, would be like ripping a Band-Aid off with a festering, open wound beneath.

One must provide for an alternate solution to this funding gap. A \$1 increase in the professional fee, as has been proposed, will not bridge the \$7 gap. A \$1 increase will result in forcing community pharmacies, big and small, to bridge the gap where? On the backs of citizens and voters. Some will close, no doubt, and likely some communities, especially in northern Ontario and rural locales, will be left without a pharmacist. These are draconian measures, despotically imposed, if you will.

In the nine months of negotiations that pharmacy has had with the government, comprehensive proposals that would have saved \$1.3 billion over three years, as we have already heard, were offered and rejected. These proposals worked toward providing a foundational improvement in the provision of front-line health care in Ontario, something that would benefit the government, would benefit pharmacy and, most importantly, would benefit the end-user. After all, it is the end-user—the patient, citizen, voter—whom we're talking about. Whether it's the 89-year-old widow on a fixed income, the middle-aged factory worker with reasonable health benefits through his union, or the single mother who has no one to turn to but the provincial health care system, each one at some point will need the services of front-line health care workers, as we pharmacists are.

I recently spoke with one pharmacist who explained that he is the only community pharmacist in 300 kilometres and that the proposed changes will bring him to his knees. What will those patients and voters do then?

As a pharmacist and pharmacy owner myself, I am pleased to hear that the ministry is seeking to keep its

fiscal house in order. After the billion dollars that was spent on the eHealth initiative did not yield a workable product, it seems suspect that this government is able to achieve just that: fiscal responsibility. And while I do not believe that the Ontario government has set out to harm the province's economy and make war on small, independent pharmacies such as mine, that will be the unintended and unfortunate result of the elimination of the band-aid solution that professional allowances are to the funding gap.

If this bill's purpose is truly to create the foundation for jobs and growth, then I submit that pharmacy jobs will be lost and the economy will not grow. Unemployment in the pharmacy and pharmaceutical sector will rise and the fiscal house, in the end, will not be in order. Patients will have a more inefficient system to deal with. It is utterly disgraceful that such an integral part of the health care system is left to ruin for no good reason.

To summarize, the ODB Act provided for a fee to cover pharmacists' professional services and all operating costs. Operating costs exceed the fee by at least \$7. Up to now, the government-regulated professional allowances made up for the government's shortfall. Now the ministry is trying to eliminate professional allowances without bridging the gap. That's all that I am asking for—that the government of Ontario meet its responsibilities with respect to pharmacy funding.

The Chair (Mr. Pat Hoy): Thank you. For the committee's information, I understand that the official opposition and NDP will swap their rotation, so it will be Mr. Tabuns.

Mr. Peter Tabuns: Mr. Prousalidis, thank you for coming in and making that presentation. If in fact Ontario was to pay \$14 per prescription, what would that cost?

Mr. Michael Prousalidis: What would that cost? To whom?

Mr. Peter Tabuns: To the province. If it's looking to save \$3 billion, let's say that, in exchange, it gave pharmacists \$14 per prescription. What would that extra cost?

Mr. Michael Prousalidis: As an independent pharmacist, I can tell you what it would do in my store, but as to what impact it will have on the rest of the province, it would probably be best to ask an economist. I really don't—

Mr. Peter Tabuns: Is it in any way comparable to the amount that you're receiving now from the generic drug companies as the professional fee?

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Mr. Michael Prousalidis: Yes. That's the whole point: that over 20 years of lack of funding increases as costs have increased, when we see that the costs have increased at a far greater rate than what the reimbursement has been, we came to a point where there was this gap. The professional allowances bridged that gap adequately so that we are able to provide all of that blister-pack compliance packaging for patients, answer those questions that they have on the phone and provide services where we don't end up charging people, because we are funded elsewhere.

Mr. Peter Tabuns: If you were paid \$14 per prescription and the professional allowances were eliminated, would that provide a savings to the government or would it cost them more?

Mr. Michael Proussalidis: In the end, it would provide a savings, I believe. I don't have any numbers, and that's not a calculation that I've made.

Mr. Peter Tabuns: Okay; fair enough. Earlier today we were told about the whole question of utilization. Can you tell us a bit about what you've seen with over-prescription or prescription of brand name as opposed to generic when you've dealt with patients who have come to see you?

Mr. Michael Proussalidis: Sure. Patients see me every time. I was even at the store this morning, at the pharmacy, dealing with patients while I was trying to prepare all of my comments.

There is a lot of waste within the system. We see it all the time, because seniors, for example, if it's not going to cost them very much, if at all, will say, "Sure, go ahead. Ninety-day supply, 30-day supply—go ahead; fill my bag," almost as if it's trick-or-treat time.

Without it hurting their pocket, which is not something that anybody would like to do—

Mr. Peter Tabuns: That's right.

Mr. Michael Proussalidis: Without them understanding the cost of these things, there is a lot of waste within the system. If we were able to go ahead and educate people and help them understand that, "You've got 12 things on your list here. You only really need three. Let me call your doctor. Let me work with you and see how we can reduce all of this," that would be a tremendous saving to the system.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Michael Proussalidis: Thank you all.

MS. RITA WINN

MR. FARID WASSEF

The Chair (Mr. Pat Hoy): Now I call on Farid Wassef and Rita Winn to come forward.

Mr. Frank Klees: Chair, if I might, while they're coming forward: I wonder if we could have legislative research provide a report to the committee that details the rebates that are being paid to the government by the brand companies on a line-by-line basis for the drugs for which they've contracted with the government. I think Mr. Proussalidis has made a very important point. In the interest of transparency, it's important, I think, for this committee to have that information. If we could have an undertaking from legislative research to have that report, I'd appreciate it.

Mr. Norm Miller: Mr. Chair, if I could make that request on behalf of Mr. Klees, please, it would be appreciated.

The Chair (Mr. Pat Hoy): Do you need that in writing?

Mr. Larry Johnston: I'd like it in writing.

The Chair (Mr. Pat Hoy): Could you make a short note for that?

Mr. Frank Klees: Okay, will do.

The Chair (Mr. Pat Hoy): Very good.

We'll proceed again. You have 10 minutes for your presentation. There could be five minutes of questioning. I'd ask you to identify yourself, and then you can begin.

Ms. Rita Winn: Thank you. Good afternoon, Mr. Chair, committee members, committee staff and fellow deputants. My name is Rita Winn. With me today is Farid Wassef, who is a community pharmacist in Stouffville.

My name is Rita Winn. I'm a practising pharmacist and the general manager and COO of Lovell Drugs in Oshawa.

Like my colleagues here today from King City, Kincardine, London, Kitchener, Stouffville and throughout the GTA, Lovell's pharmacies are first and foremost about delivering primary health care. Ninety-three per cent of our business comes directly from safely and efficiently filling our patients' prescriptions and providing over-the-counter medications.

With roots dating back to 1856, Lovell Drugs is the oldest drugstore chain in Ontario, and we are still run by the family that helped to found the company, the Lovell family. We operate stores in Whitby, Oshawa, Kingston and Cornwall and employ 150 people, including 25 pharmacists and 35 pharmacy technicians.

When I entered the profession of pharmacy 29 years ago, there was a clear understanding of what was expected of a pharmacist, and that was pretty much reserved to the "lick, stick and pour" activities that we're all familiar with. Then, about 15 years ago, so-called "drugs by design" started hitting the shelves, treating such things as ulcers, hypertension, cholesterol, depression etc. At the same time, we baby boomers started getting older, and pretty soon there was an explosion on our hands. Pharmacists were being called on to be the drug experts to those patient populations that are taking more and more drugs.

Today, the government says it will spend the savings it realizes by slashing generic drug prices on listing new drug therapies. Thousands of new drugs have come to market since I began practising and have made our lives better and longer. This has meant, though, that many of us, particularly in our advanced years—not that I'm in advanced years, but I'm moving towards that—will be taking four or five medications, each offering its own set of side effects and possible adverse reactions. "Lick, stick and pour" has become a lot more complicated, time-consuming and, frankly, it has become risky. The need for pharmacists and for our pharmacy services is increasing, both driven by the demography and also by the avalanche of new drugs that are coming to market.

The question before you today is: What kind of pharmacy system do Ontarians want? What do we want and what do we want in the future? What kind of system would you like to have? Today I would argue that we have an enviable pharmacy infrastructure that is as good as or better than any other developed country in the

world. I think that patients can expect and do receive medications and advice in a timely and very convenient manner. When needed, medications are delivered to patients' homes and are packaged so that they take the dosage at the right time. Pharmacists themselves have invested in systems and tools to keep track of patients' adherence and to flag possible adverse drug interactions, therefore improving patient health and keeping people out of hospitals and doctors' offices.

It seems like ancient history, but also recall the smooth distribution of anti-virals during the H1N1 pandemic for Ontarians and the part we play in educating the public on flu prevention and treatment every year. Do you know that pharmacists in Ontario collectively took 90,000 calls each day during the peak pandemic period? Ninety thousand calls. We didn't get paid for one of those calls.

These activities take time, energy and money, and we are pleased to do them. I think Ontarians who rely on their pharmacist know that they are fortunate to have them. Ontarians are fortunate to have pharmacists who are passionate about their profession and solve all kinds of problems for them without making much of a fuss. Perhaps that has been to our detriment, given the kind of cataclysmic change that we're facing in Ontario.

Is it the cheapest pharmacy system in the world? Probably not. But I think it's a Volvo: durable, reliable and safe. It's there when you need it; not the most expensive and not the cheapest; good reputation, good value. That's what pharmacy offers.

But all this is about to change. Excising \$750 million annually from the pharmacy system, as you have heard, amounts to \$300,000 per pharmacy. The brutal, inescapable fact is that \$300,000 is roughly equivalent to three pharmacists' salaries. To put that in perspective, I employ 25. That means that there are none of my pharmacists, including myself, left. There's nothing left.

If we, Lovell Drugs, were to have to let go three pharmacists per store, you can see the math: It doesn't work. If these regulations are passed, programs that we are involved in that enable community living for thousands of Ontarians will be jeopardized. Our home infusion program in Kingston will be gone. Our public health methadone program will be gone. The 150-some clinic days we offer patients on topics such as osteoporosis screening, heart health risk screening and asthma education—gone, and the list goes on and on. Many of these programs benefit very sick people and very old people. Many interact with us and count on us each and every day. We wouldn't have built these programs and services if there wasn't a demonstrated need for them, and let me tell you, we won't for one minute delight in their demise.

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But what about the fees that pharmacists will not receive from the government for providing services that were previously self-funded, you will ask? My view, as a community pharmacist, is that services need to be conceived and delivered locally if they are to work, so the prospect of delivering centrally planned services for an undetermined fee to patients who may not need or

want them is frankly unappetizing to me as a community pharmacist.

Where I come from, you don't pull down your old house before you've got another place to live. Let's take the time and care to improve our enviable pharmacy system for today and also for tomorrow. I'm asking that there be a reasonable pace of change, a reasonable approach towards a new model of services and funding that gives government the cost containment it wants and protects the pharmacy services that patients need. I'm asking you to extend the consultation period of the regulations, delay third reading of Bill 16 and stop the cuts. Thank you.

The Chair (Mr. Pat Hoy): Thank you. There are about three minutes left.

Mr. Farid Wassef: Okay. If I could have five, that would be good, but I will talk fast.

Good afternoon, Mr. Chair, members of the committee and guests. My name is Farid Wassef. I am one of 13,000 pharmacists who provide health care services to nearly six million residents in Ontario. I've been a community pharmacist for over 20 years. I'm carrying on in my father's legacy, who was a pharmacist for over 50 years. We owned and operated a pharmacy in Stouffville for 36 years.

In 2006, when Bill 102 was passed, I experienced extreme financial hardship and was forced to close down. Ironically, later that same year—something I'm very proud of—I was honoured as the 2006 Canadian Pharmacist of the Year for my excellence in patient care.

I was able to find employment, with a stellar resumé, in Stouffville at another independent pharmacy. My wife and I and our two young children love Stouffville. We wish to remain there. We call that home.

Stouffville is located in York region, which is rapidly growing and has a population of over 33,000 now. However, we remain underserved: There are not enough doctors.

It is unfortunate that members of the public see images of hands sliding pills across a tray and this is their understanding of pharmacy, so please allow me the opportunity to educate the committee on what I do and what we do in the community.

Many seniors who live alone wish to remain independent, so they rely upon our pharmacy to provide customized drug packaging and delivery of their medications and groceries, as well as working closely with their doctors. We provide methadone to chemically dependent individuals and help them become productive members of society. We help people quit smoking. We make sure that addicts and alcoholics—and that's a population that's on the rise in my community—get the care they need. We help cancer patients control their pain. I am the last resort when they can't get a hold of the specialist at the hospital. We help them manage their pain and manage the nausea. We counsel patients on cardiovascular disease, on asthma. In the 1980s, when the government came to us, we had the highest rate of asthma in the world at 30%. People were dying of asthma. We rolled

up our sleeves and we found out why: People were over-using certain inhalers and they weren't being maintained properly. We got engaged, we were allowed to help, and we have reduced that now. There are fewer hospital visits and fewer doctor visits. We have now controlled asthma effectively, safely and cost-effectively, I might add. We educate women on the importance of maintaining adequate nutrition throughout pregnancy. Again, we are the first and last resort. We help care for their infants, we help manage their colds and flus, and we make sure that antibiotics are appropriate when prescribed. We hold screening and education clinics. I provide my cellphone and my home phone in a small town because people need me when they need immediate care. Physicians call me after hours to discuss difficult cases. We meet for lunch and we collaborate.

All of these things I just mentioned, I don't get paid for. My employer is able to hire me because he has been receiving professional allowances.

Twenty-one years ago, I want to make it known, when I became a pharmacist, I took an oath to advocate for my profession and my patients and to always do what is in their best interests. Today I stand before you—I didn't realize I was going to be sitting; I'm usually standing on my feet—fulfilling this oath. I am not against the government's removal of professional allowances, provided that adequate funding is given to dispense medications, counsel patients, consult with doctors—they need our help; they call us, they rely upon me—and provide these vital services I just mentioned. Without adequate funding, I am deeply concerned that if Bill 16 and its regulations pass, pharmacists' hours will be reduced and relegated to counting pills. Patient care services will disappear and pharmacies will close.

Bill 16 and its regulations trigger drastic funding cuts—and you've heard that today—which are far too fast and very troubling for my small town. I am worried sick. I haven't slept in nine months because my patients' health is at risk. I am taxed and tired of answering phone calls: "Is it true you're receiving kickbacks?" I have to appear, because of all of this insanity, at the community centre next week to answer these calls. All day long, we answer these calls about what's written in the media about us.

I am humbly asking the committee today to delay third reading of Bill 16 until a full examination of the regional impact—I want to be able to go back to Stouffville and let them know that these services will continue. That's why I'm here today. I am also asking the Legislature to request that the Minister of Health and Long-Term Care please outline the services she expects us to do and to deliver, and what that fee will be. Thank you.

The Chair (Mr. Pat Hoy): Thank you. The questioning is to the official opposition. Mr. Klees.

Mr. Frank Klees: Thank you, Ms. Winn and Mr. Wassef, for your presentation. It seems that both of you and others are asking one thing, really, of the government, and that is to put the brakes on to provide for a reasonable transition period to work with the industry to

come up with a reasonable resolution here. I heard the passion in your voice in terms of the branding of these professional allowances, now being called kickbacks. It's interesting that we all know—although the government's not willing to tell us what their rebates are, which they're getting from the brand companies. I've asked for that report through this committee. It will be interesting how much we have to go through to actually find that out. I don't think they want to call them kickbacks, but they certainly are doing that on your backs.

I'd just like to know from you, as a professional—and perhaps both of you can quickly comment on this. As a professional in the community, to have these allowances, which were once branded as professional allowances by the same government, now being branded as kickbacks, what does that do to you and to your profession?

Ms. Rita Winn: It's very troubling, and I'm personally offended by those remarks. Pharmacists don't want to talk about money; we don't. When our patient comes to the counter, money is not what we're focused on. There are a hundred things going through our minds about how the patient is doing. We see what they look like, we're looking at their medications, we're thinking about the condition they have. Did we make sure that they're taking it properly? Did I remember everything they need to know? Are they okay? And I don't want to talk about money. To have put the idea that I, as a professional, am taking something dirty—kickbacks, nefarious, whatever words have been used in the media. I'm personally offended, deeply offended.

Mr. Frank Klees: Mr. Wassef?

Mr. Farid Wassef: What it's done for me—I think it's temporary. I'm hoping I will recover, and I think I will once this dies down, but temporarily, it has lessened my reputation.

It has occupied a great deal of my time trying to explain this to the average public. They trust me, but they're confused by what they hear, number one. Secondly, they're very anxious and worried and scared about what that means. I have had many people phone me because they live in the city and they drop their elderly parents off in Stouffville to live and retire. They're saying, "Are you going to be able to deliver mum's prescriptions for free? Are you going to be able to check on mum? Are you going to be able to continue to call her doctor?" And I said, "We will, we will," when I darn well know the math doesn't add up and at some point my employer is going to have to start to charge for these things quickly if no funding comes from the government or no detailed picture of how we can access this pitiful \$100 million that was offered to us. It really is, when you sit down and you look at the math. That's what I, as you can detect, am angry about.

1510

Mr. Frank Klees: Well, if I can just assure you that certainly those of us sitting here in the official opposition think it's a reasonable request that you've made, that the government take a pause, that they get back to the table with the industry, that the discussion takes place in terms

of how we can get from here to where I hear the government wants to be and I hear you want to be, too.

Ultimately, if professional allowances are not what the government wants, you're willing to work with them. The reduction of the cost of drugs, the common purpose is there. I think what I'm hearing from you is, let's put the patients first and ensure that they're not hurt in the meantime, that their services are protected, that patients are protected. By ramming this thing through there will be unintended consequences, and the unintended consequences will be throughout the community.

We'll stand with you on that and we're hoping—and maybe we can get a comment from the parliamentary assistant as to whether he would be willing to support that kind of deferral, that kind of pause, to ensure that we can find a proper resolution here.

Mr. Parliamentary Assistant?

Mr. Wayne Arthurs: I think you'll find the process we have—as you well know, today we're hearing from witnesses. The time for our debate and discussion occurs a week from now.

Mr. Frank Klees: I was just hoping that maybe you personally would be able to support that.

The Chair (Mr. Pat Hoy): Thank you. We appreciate your presentation. Thank you very much.

MR. NAYAN PATEL

The Chair (Mr. Pat Hoy): Now I call on Nayan Patel to come forward, please. Good afternoon. You have 10 minutes; there could be five minutes of questioning. Just state your name, and then you can begin.

Mr. Nayan Patel: My name is Nayan Patel.

Dear members of the standing committee, I wish to thank you for this opportunity to speak to you regarding changes proposed in Bill 16 as they affect pharmacies.

I am an independent pharmacist, serving the people of Stouffville, Ontario. At 12 p.m. on a Wednesday afternoon, a patient walked into my pharmacy. She told me that her doctor was at lunch and she came here because she was out of breath. I got her to sit down and started to review her current medications and her chronic conditions. This process took me about five minutes.

I realized that her doctor had recently increased the dosage of her pain medication called Duragesic. This medication is very effective for pain, but at high doses could cause respiratory depression, displayed by shortness of breath. After confirming her pain was under control, I asked her to remove her Duragesic patch. Within 15 minutes, her breathing started to improve. I then contacted her doctor and explained to him what I did. He agreed that what I did was beneficial to the patient and thanked me for my work.

This entire process took me 30 minutes to complete. I was able to provide this service since I was allowed to use professional allowance funding to pay for the time to intervene on the patient's behalf.

At 11 a.m. on a Sunday afternoon, I received a call from a patient covered by the Ontario drug benefit plan

who was feeling dizzy and had some rashes develop on her skin. I looked up her medication profile on my computer and realized that she had just started a course of ciprofloxacin antibiotics and Tylenol 3 for pain. I asked her how her pain was and she said it was mild. I explained to her that it could be the codeine in the Tylenol 3 causing the dizziness and itching. I asked her to stop taking her Tylenol 3 and switch to extra-strength Tylenol and continue with her antibiotic and to call me later on that evening. She called me at approximately 4 p.m. and told me that she was feeling much better.

This entire process took me 10 minutes. This is an example of a recommendation that should be covered by my professional fee; however, it is not. The Ontario drug benefit fee is \$7 and my average cost to fill a prescription and to provide the required support and advice to the patient is approximately \$14 per prescription. This is where the professional allowances have covered the gap in funding.

Dear members of the standing committee, do you think that these are valuable services that I provide to my patients? Please explain to me how I am going to provide this valuable service if the government removes over \$750 million of funding to pharmacies and only returns a small fraction of this funding to pharmacies. The services that I have mentioned above would have to disappear if I were to attempt surviving these funding cuts.

When speaking to my representative in government, my MPP, I was asked, "What does a pharmacist do?" This is the explanation that I provided: I provide advice to my patients when they are ill and, in many cases, I help them avoid physician visits and visits to emergency departments. I proactively educate patients on a wide variety of disease states. In most cases, I engage them in learning how to control, improve and manage their ailment, and, based on personal knowledge of that particular patient, I tell them what diseases they are more susceptible to contract and how they can proactively manage their health to minimize their effects.

I solve drug-related problems, such as detecting drug interactions. I resolve barriers to patients being able to take their medications properly and ensure that no harm comes to them from these occurrences. I conduct approximately 15 to 20 seminars per year on high blood pressure, diabetes, nutrition and many other conditions. I follow up with my patients to see if they are following my advice and suggest alternatives, if they are not able. And the list goes on and on.

Just from being asked this question alone, I realized that the government drafted this legislation without knowing what a pharmacist does, without realizing how integral the pharmacist is in the health care system, and without realizing how the pharmacist is able to deliver these services with the funding model currently in place.

We agree that the people of Ontario deserve to have lower drug prices, which should include both generic and brand name medicines. We agree that a new funding model, which does not have pharmacies rely on professional allowances to cover the current funding gap, is

necessary. Removing professional allowances without addressing adequate replacement funding will leave many patients in a compromised situation.

Decades of government underfunding for pharmacy services led pharmacies to seek alternate funding. The government was quite content in the past with not having to pay pharmacies for the actual cost of providing a service to recipients of the Ontario drug benefit plan. The Ontario government negotiated prices with manufacturers directly and not with pharmacies. Now, the Liberal government is portraying pharmacists as the villains for the high cost of the Ontario drug benefit plan. This system was created by the government and the government should take responsibility for fixing it properly.

Professional allowances are used by pharmacies to provide direct patient care in the communities that we work in, and we follow the guidelines designed by the government. To suggest that 70% of the professional allowances received were used inappropriately is an irresponsible statement and does not stop short of slander.

In good faith, pharmacists began a negotiation process with the government many months ago. Our proposal included a reduction in generic drug pricing and maintaining the support and services offered by pharmacists in our community. However, this was totally ignored by the government.

I have to wonder if submitting comments both orally and in writing during this consultation process is just a show. Our experience shows that in the last four years, the result of this process is that none of the recommendations are accepted and it's more a process designed to provide the perception of enabling stakeholder and public feedback. How do we know that this time someone will actually read and listen to us?

The Liberal government says that they appreciate and understand pharmacists, but we know that they do not. The government needs to spend time in an actual store to see what a pharmacist does and to understand that no matter how cheap a drug is, it may not work properly or be harmful to a person if they do not take it appropriately. A good portion of our services are not covered by the fees we collect. They are only possible due to the professional allowances we are able to collect.

1520

Unfortunately, the professional services, in many cases, are directly tied to the prescription dispensing process. You can't simply cut the funding to dispensing and expect professional services to take place.

There are numerous functions that a pharmacy provides for a patient that cannot be covered by separately billing for extra time. For example, if an elderly patient forgets my recommendations or I encounter a patient who does not speak English well, they require a little bit more of my time. Should I charge them extra? My fee is an average cost of what it costs me to provide medication and related information to the patient.

My store has been recognized for the outstanding level of service and care that it provides. The readers of our local newspaper voted our store as the best pharmacy in

Stouffville in 2009 out of the five stores in our town. Our store was named the most outstanding Pharmasave store in Ontario in 2009 out of over 150 stores. Our customers write about us. I have provided you with a copy of an article from Drugstore Canada to illustrate what our store does and the care that it provides. Make sure you have a box of tissue nearby when you read this article.

I can compete with the large drugstore chains because of my focus on service and care that I show my patients every day. I focus on health care. If Bill 16 is not drastically changed, I will lose money on providing prescription services. I do not have a cosmetics department to subsidize the cost of filling a prescription and I do not have deep pockets to see if the government will change its mind after they realize that too many pharmacies have gone out of business.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Nayan Patel: With increasing health care costs, you need pharmacists to work with you, now more than ever. We help the government deliver public health, from telling patients about West Nile virus to dispensing Tamiflu to control H1N1 outbreaks.

The government needs to empower pharmacists to save money in our health care system, not create barriers. The government needs to ensure that we are there when they need us.

I hope that my comments will be listened to and acted upon by the government. If they are not, then I fear that my patients will not get the services that they need to maintain their health, and we will see health care costs rise in other areas of our health care system.

Thank you.

The Chair (Mr. Pat Hoy): The rotation goes to the government. Mr. Arthurs.

Mr. Wayne Arthurs: Mr. Patel, thank you so much for being here. I certainly heard your comments, a variety of them, and the concerns about whether or not the processes that you've been engaged in, and presumably will continue to be engaged in, do have any impact. From my perspective, I can broadly provide assurance that these are important processes. Whether or not at a given time you see a direct outcome or not, the absence of the kinds of inputs that we have in these processes would do us all a disservice. I want to thank you for that, in spite of the frustration you'll feel or have felt along the way.

As a small pharmacist—we've heard now from three or four today. I think one had a number of stores, but for the most part we're talking about independents. How does volume impact you? How does your business model have to adjust to presumably reflect a smaller volume of activity than, let's say, a large chain operation? You mentioned cosmetics and the like as part of that business model. Presumably your business model has to operate somewhat differently if it's going to provide those services than an operation with a very large volume, which might be able to absorb some of that into their business. Not every client or customer that you have will require the level of service—at least I'm presuming, from

my own personal experience—that you articulate here as necessary for seniors or those with very specific medical needs.

Mr. Nayan Patel: Definitely, volume can play a difference. Like I said, I don't think that I should have to branch out into cosmetics and food to subsidize the costs of providing a prescription service.

Not every patient requires the same amount of time. We find that we do spend a lot more time on the elderly. They have more complex drug conditions, as opposed to someone who may be in their 20s.

The fee that we charge is an average. I don't think it's in our best interests to sort of count the minutes and charge patients accordingly. I think that a flat fee is the best way to go in terms of eliminating the extra paperwork.

Mr. Wayne Arthurs: One of the challenges, I guess, potentially will be that the professional allowances will be removed in stages, the first one being the publicly funded portion of that. With the other professional allowances being in place for a period, I believe, of three years, how immediate is the impact, and what are the implications for you in the context of a phasing out, over a period of time, of those other allowances? Obviously, in the absence of government support, the implications are that it would be even more significant—I'll say severe; I won't even ask you to do that—if those allowances were removed all at one time.

Mr. Nayan Patel: I guess what you're asking me is if I would like a quick death or a slow death. I think that the government really needs to step up to the plate and, as professional allowance funding is removed, they need to add more to it so that there is funding for these professional services and they are maintained. I can tell you for sure that customers will suffer, patients will suffer, and I think that a lot of these costs will be downloaded onto the patient. Hopefully, they can pay for it.

Mr. Wayne Arthurs: When you ask a question, as I did, you have to expect an answer. Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Nayan Patel: Thank you.

MR. PETER MERAW

The Chair (Mr. Pat Hoy): I now call on Minden Pharmasave to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I would ask you to state your name, and then you can begin.

Mr. Peter Meraw: My name is Peter Meraw. I am a pharmacist at Minden Pharmasave. It's a great honour for me today to be given the opportunity to speak to this committee about Bill 16 and the potential implications it may have for direct health care in this province, on my profession of pharmacy, and for the rural community of Minden Hills township, which is my home.

I want to start off by telling you a little bit about myself. I grew up in Bowmanville during the 1970s, went

to Catholic schools and attended Bowmanville High School. My father worked at GM in Oshawa and my mother was an elementary school teacher. We had a typical southern Ontario working-class upbringing, and a lot of advice from Mom and Dad: "Peter, if you ever want to make something of yourself, you have to stay in school." It was good advice, so I set my sights on a career in pharmacy and pursued that goal in the faculty at the University of Toronto.

Since becoming a pharmacist, I've worked in a number of positions. I started as a Shoppers Drug Mart staff pharmacist in Peterborough for two years, then joined Oshawa Lakeridge hospital as a staff pharmacist, and worked in psychiatry, oncology and the renal care clinic. Two years later, I joined Janssen-Ortho's medical information department, and for the next 10 years held a number of positions as a sales rep, medical education manager and brand manager. In the evenings, I worked towards a master's of business administration at Schulich School of Business at York.

I believe that, like the proverb of the five blind men describing the elephant with their up-close perspective, my experiences, broad as they are, give me a better view of the big picture of what this is all about, and perhaps what's the most important part.

In 2006, my lifelong friend Richard Smith and I had the opportunity to purchase the Minden drugstore, or Minden Pharmasave. It was a big risk and involved substantial business loans and relocating our young families to rural Ontario. Providing health care in Minden has involved some unique challenges, and I'll share some of these with you today. But before I do, I want to tell you that neither my family or I have regretted our move for a minute. The experience over the last four years has been great. It's hard work, but the community has been wonderfully supportive. We have a great staff of about 20 employees who treat us like family. Ours is a busy store. We provide many specialized services, including methadone dispensing, long-term-care management, diabetes education and blood pressure monitoring. We answer questions for our community non-stop, all day long. It can be quite exhausting, but rewarding just the same.

Running a small-town pharmacy has reminded me that being a pharmacist is about serving the community, and I feel that this is what the present debate should be about as well. It's about our sick, our elderly, our parents and our grandparents. It's about government; it's about responsibility. It's about society, small towns, media and, at the centre of it, the patient—in Canada's largest province, in defence of our most vulnerable people and our most vulnerable communities.

1530

In order to show you why I believe this legislation is a step backwards for health care in this province, I'd like to talk to you about some of the challenges we face in providing health care in Minden.

We are a proud community of 5,500 full-time residents known for beautiful forests and freshwater lakes.

Our people are rich in spirit, welcoming and friendly, but economically deprived. The median income is well below the provincial average. In fact, using information from census studies, Haliburton county residents earn less than anyone else in Ontario at \$39,450 per household. The provincial median is \$70,806. Minden is an elderly community; 25% of our population is over the age of 65, compared to 14% province-wide. The average age in our town is 50, the provincial average is 39. Due to its natural beauty, Minden's summertime population swells by 20,000, as tourists flock to the area's waterfront cottages and beautiful parks.

I want to pause for a moment and I want you to consider these dynamics: the age of the community, the income level, the sparse population, the spread-out geography, the influx of tourists and the chaos this can create in providing services, in particular, health services for the elderly. To face these health care challenges, Minden has one full-time family doctor and one full-time ER physician. This is typical of many rural communities in our province.

How is a community like ours able to meet its rural health care challenges? In no small part because of the services my staff and pharmacy provide. In rural communities across Ontario, pharmacies take on a hugely important role within the health care model. It's the hub. We receive orders from nurses, caregivers and physicians. We service patients' needs. We clarify dosing, check costs and formulary issues. We recommend substitutes when drugs are not on formulary or are not affordable, and we counsel and support our patients. We treat addictive disorders and depression. We counsel on weight loss. We act as a triage for the local ERs and urgent-care clinics. We recommend over-the-counter meds. We are the most accessible person in the system and we provide a highly trained and professional service free of charge, seven days a week. Our service may not be appreciated by this current provincial government, but it certainly is by our patients in Minden. Our service is particularly important in communities that are aged and lack sufficient doctor services: rural communities, geographically isolated communities—communities like Minden.

Last week, I spoke with Olive Hamilton. She came to me with stomach pain and she was under stress. Olive is moving into a nursing home. She and her husband Jim are in their 80s and can no longer manage on their own. She gets her medications in compliance-style blister packaging, which helps her to remember to take her medications at the correct time and in the correct dose, a service that is provided free of charge thanks to professional allowance funding. In reviewing her meds, I noted that Olive was on meloxicam. She tells me she cannot get in to see her physician soon enough. Meloxicam is what's called a non-steroidal anti-inflammatory. It's used to treat arthritis but, like every drug, it has side effects and sometimes these can be dangerous. On meloxicam, patients can develop stomach ulcers, especially elderly patients. If left untreated, stomach ulcers can become stomach bleeds. Patients can die—patients like Olive.

I asked Olive to bring me back her meds. We removed her meloxicam. One of our dedicated technicians spent 15 minutes working on her meds; I spent 10 minutes checking them. The service was provided free to Olive, who cannot afford extra fees on a fixed income. This pharmacist-initiated intervention will save the ODB approximately \$260 per year going forward. I also gave Olive a \$7 antacid and told her to use it regularly for a few days, then as needed. Olive returned a few days later, telling me she felt much better. In this case, the service saved the province a potential visit to the ER. ER visits cost money. I'm not sure how much but I'm quite sure it's more than \$7.

Consider now that two thirds of people over 65 take five or more prescriptions. There are Olive Hamiltons all over this province.

In order to know how this bill impacts pharmacists and their staff, the communities in which they work and, most importantly, patients like Olive, we need to take a look at the math that underlies our business and how this bill changes that math.

You've heard that it costs us \$14 in expenses to dispense an ODB script. The province pays us \$7. That's right, the government pays us half of what it costs to fill a prescription for the most vulnerable patients in our province. If I walked into a grocery store, picked up a \$4 bag of milk, flipped the cashier a toonie and walked out, I'd get arrested. For the government of Ontario, this has been standard procedure for the last several years.

So given that 70% of the prescriptions we fill are ODB prescriptions, how do we pay our staff and continue to provide services? In 2006, George Smitherman, the health minister, created the Transparent Drug System for Patients Act, TDSPA, effectively creating a legal subsidy for ODB. Because of chronic underfunding of pharmacy services, the generic industry stepped in and financed half the cost of pharmacy care for seniors in this province. Depending on your perspective, you may consider that pharmacists made a deal with the devil or, like many European health models, that TDSPA created an innovative private/public partnership which both enhanced service quality and saved the province money. But whatever your opinion, the government made it legal. They've audited us for the last four years and they've regulated the funding.

This professional allowance funding pays for the expenses of Olive's packaging, the technician's time, the materials, the equipment and the pharmacist's time. Bill 16 makes this funding illegal for pharmacists to accept. The Premier says he's not cutting funding, but Ontario seniors, I will tell you the truth: Bill 16 cuts health care funding in this province.

This issue really is this simple. The government necessitated these professional allowances by chronically underfunding the ODB. By making this funding illegal, without actually paying pharmacists what it costs us to fill a prescription, they're making it impossible to provide the level of health care services that our seniors and low-income patients rely on. To claim, as this gov-

ernment is doing, that they haven't cut funding simply because they haven't increased their level of neglect of ODB is disingenuous and cynical. I'll say it again so there's no mistake: Bill 16 cuts health care funding in this province.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Peter Meraw: Okay.

There are other important issues to consider. Drug expenditures are skyrocketing. We need to rein them in or we won't have ODB for our children. We have to control the deficit.

What's interesting is that a year ago, the federal government tried to pass a balanced budget. The opposition parties considered the issue so serious that they threatened to form a coalition to "bring Canadians a government that cares about them in a crisis." We need stimulus spending, they said. So under opposition pressure, the federal government came back with \$60 billion of deficit spending stimulus. Now, a year later, in Canada's largest province, we need to rein in the deficit in our most important economy—health care.

I want to also consider another important issue: sustainable, environmentally friendly, small, rural towns. In Minden, on our downtown main street, our pharmacy is one of the hubs of economic activity. We are a family. We know our customers by first name. It's a pleasure to serve them and they like to visit us. We invest in our neighbourhood merchants. We sponsor local charities. We look out for each other. Bill 16 has taught Richard and I just how much our community goes to bat for each other when they sense injustice. We are humbled by the support we've received. We'll remember it for the rest of our lives.

We need sustainable, vibrant, small-town economies like these, not empty main streets with two-hour daily commutes to larger centres. It's bad for our environment and it's bad for society.

Rather than being clear with the people of Ontario about the impact of this bill on physical and economic health, we've engaged in a campaign to discredit pharmacies and distort the facts. The first fact that I want to clarify is the statement that this bill will bring down the cost of drugs for patients in Ontario. Let's examine that claim. ODB patients pay a fixed co-payment of \$2 or \$6.11. With private insurance plans, they usually pay a fixed price also, or a percentage. Sometimes the co-pay is the dispensing fee or a percentage of both.

So where are the savings to the patient? Will large insurance companies pass on those savings to the end customer? History tells us that this is unlikely. As an example, you only need to look as far back as July 2008, when the provincial ministry gave exclusive priority listings for brand name manufacturer GlaxoWellcome's stomach pill Zantac and Merck Frosst's pill Vasotec in exchange for volume discounts: Kickbacks paid to the ministry in quarterly instalments worth hundreds of millions of dollars. These two brand name pharma companies received exclusive priority listing in the ODB

formulary in return for paying a rebate back into the ODB. In these first two examples—

The Chair (Mr. Pat Hoy): We're going to have to move to the questioning now.

Mr. Peter Meraw: Okay. The price in those two examples did not change. It was \$2 or \$6.11 before and \$2 or \$6.11 after. So what this really means is that it saves insurance companies money, not consumers.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to the official opposition. Mr. O'Toole?

Mr. John O'Toole: Yes, thank you very much to Peter Meraw and your partner, Richard Smith. I know that your family and your parents would be very proud of you today, with what you've accounted for in an unambiguous manner.

I read an article recently in the Toronto Star that sort of said that there are more pharmacists per capita in Ontario than in some United States states. How would you treat that kind of characterization by the Toronto Star of that number of pharmacists?

Mr. Peter Meraw: I think it's an interesting point because I believe the author spun it as if it were somehow evidence that we had too many pharmacies. I think McGuinty commented at one point that he needed to put a few of us out of business.

I would say that if you look at the percentages of consumption between the two countries in tablets consumed annually and you also consider the volume of drugstores per capita, if you do the math it tells you that our system, which is still a 51% small owner/operator high-service model, and their system is leaning toward a large-style department store, low-service model, high barriers to entry, high capital investment. So I think what is missing here is the fact that, is that better for patients, like all of Hamilton? Is it better for seniors? Is it better for communities like Minden?

1540

Mr. John O'Toole: A very straightforward question.

I'd also openly ask: The description you gave—maybe you could expand on that—that seniors over 65 actually don't pay directly; the government pays. So the government is paying. And persons who have a benefit plan: Their benefit plan is covering it. But the rest of the people are paying out of their wallet. How would you say this change will impact not necessarily your business but the consumers generally? These changes are taking money out of the system. How do you think that this change is going to affect, at the end of the day, the three types of patients I've mentioned: seniors, the ones on benefits and—

Mr. Peter Meraw: Seniors will typically pay \$2 if they're low-income or \$6.11, but they receive a number of services free of charge, so I think that the co-payment is not expected to change. As I said earlier, what this does is, it saves insurance companies money, but it doesn't necessarily save seniors money. In fact, previously free services that they relied upon in order for pharmacists like ours to stay in business, inevitably, we're going to have to increase our fee—probably—

and/or increase fees to services we provide. So at the end of the day, what it really does is it takes fixed-income seniors and it downloads extra fees to them, and the benefactors of that are insurance companies. To me, that is an injustice, when fixed-income seniors are offloaded fees so that insurance companies can profit. I think you see where I'm going with that.

Mr. John O'Toole: Absolutely, and I guess it's very clear that the choice, then, is that they're actually—this is really about consumers, at the end of the day, paying more and getting less. That's how I see it. They're either going to be paying more or getting less or both. Which do you think is the most possible outcome?

Mr. Peter Meraw: Well, if you consider a community like mine—and what I'm hopeful for, at the end of the day, from all this is that we have strengthened amendments for rural communities, because our patient mix—actually, if you look at our third party private payers and ODB, we're a heavy senior population; we have 10% of patients who are actually cash-paying customers. If you consider that this bill only affects 24% of the overall expenditure pie and 76% are brand name pharma companies that are unaffected—in fact, Pfizer, I think, two months ago, increased their prices 4% or 5%. So 2.4% of my prescription transactions will go down, but at what cost?

We need change here that is evolutionary, not revolutionary, because—I don't want to be too melodramatic—with revolution you can achieve change faster, but there are often consequences and casualties and, in some cases, body bags and concentrations of power that are not necessarily benevolent.

The Chair (Mr. Pat Hoy): Thank you.

Mr. John O'Toole: Thank you very much for your presentation.

MS. ROSANNE CURRIE

The Chair (Mr. Pat Hoy): Now I call on Pellow and Lucknow Pharmasave to come forward, please. Good afternoon. I noted that you've been sitting there for some time but I'm compelled to tell you that you have 10 minutes for your presentation, and there'll be five minutes of questioning. If you state your name, you can begin.

Ms. Rosanne Currie: Thank you. Good afternoon, Chair, and members of the standing committee. My name is Rosanne Currie. I'm a community pharmacist and owner of two rural pharmacies: Pellow Pharmasave in Walkerton and Lucknow Pharmasave in Lucknow, Ontario. Both of these communities serve a large proportion of seniors and are struggling due to the current doctor shortage.

Twenty years ago when I graduated from the University of Toronto, I had a vision of how I wanted to practise patient care in community pharmacy. This vision came to fruition with creating a competent pharmacy team that takes care of the technical aspects of preparing a prescription, freeing up the pharmacist to be available to

meet the increasing health care demands and needs of our patients.

The reality is that this massive funding cut to health care will affect the level of patient care I will be able to provide to my patients. The government has underfunded my pharmacy services for over 20 years, in which time I have received a 56-cent increase. Independent studies show that the cost of providing a prescription is \$14, while the government has paid me only \$7. Yes, I have received professional allowances, which, as regulated, have been reported to the government. These professional allowances have been used to help support the patient care activities I offer in my pharmacies and to assist with the payment of my pharmacists' salaries.

Using my professional allowances for my pharmacist salary is the most direct form of patient care. It is ensuring that a pharmacist is available to speak with our patients. There has been a huge funding gap—a gap that we've had to fill in order to keep community pharmacy viable. Professional allowances have filled this gap in the past and allowed us to provide care and services that have made us the most trusted health care professional, as voted by patients.

Community pharmacists provide valuable services on a daily basis for which there is no direct funding. I know that with a pharmacist's involvement in providing care to patients, their overall health is improved, resulting in direct savings to the health care system.

For example, let's look back at May 2000, when our community was facing the E. coli crisis in Walkerton. Pharmacists in our community played a crucial role in the provision of advice to patients, young and old. We kept current with the advisories from public health and disseminated the information to the public. I need to highlight that these are the challenges we face. Crises come up in our communities. Pharmacists respond to the challenges and are not directly reimbursed. Or this past fall, when we fielded many calls and visits from patients asking our advice regarding H1N1. I was tracking over 30 calls per day.

What about the patient who recently had a stroke and was not only was dealing with a loss of independence, but was suffering from severe insomnia that resulted in several visits to his doctor? This frustrated patient, thinking that taking more of his prescribed medication would surely solve his problem, is lucky enough to spend more than 30 minutes talking with my pharmacist, Tracy, providing reassurances and coming up with solutions to meet his health care needs.

What about the patient with an average blood sugar of 11 millimoles per litre who was recommended to go on multiple daily injections of insulin by his doctor, and he refused this course of treatment? The patient told me how upset and angry he was with his doctor. I took the time to find out what his concerns were. He operated heavy machinery and was concerned he would have low blood sugar with multiple dosing, and he couldn't afford to miss work.

I educated this patient about the benefits of this therapy, and he was in agreement to initiate this therapy

in the winter when he was laid off. I communicated this to the physician, and I set up the patient on this new system in the winter. His blood sugars are now within the desired range. I note that this patient is 60 years old and has many more years of being a diabetic ahead of him.

What about the MedsCheck program, which is also an underfunded program? Most seniors require much more than 30 minutes of our time as they are on a larger number of medications and have multiple health conditions. Many problems are detected during these sessions, and it would be unethical as a pharmacist to identify the problem but not solve it. This takes time—time that is not directly funded.

What about the emergency departments and doctors' offices who routinely refer patients to us to provide advice and recommendations for patients who cannot be seen? We are more than happy to assist, despite not being reimbursed for our time. However, what will be the impact on local health care when I refer these patients back to the emergency department because I don't have the staff to support my pharmacist services?

What about the patient who said, "My pharmacist, Rosanne, has been with me on my health journey. She has always taken the time to meet with me to listen to my problems, flush out the obstacles that are keeping me from moving forward, providing contacts in the health care community to assist me, works with me on a plan of action, including setting goals and coaching me with regard to self-esteem and self-confidence issues. I have been referred to a bariatric clinic, and Rosanne took the time to assist me in the completion of the questionnaire that the clinic sent prior to my first appointment?"

What about our patient who arrived back in Lucknow from London, sick, tired and in pain, just before closing, with a prescription to be filled? There was a problem with the prescription, but Dionne, our staff pharmacist in Lucknow, took the time to get it fixed, even though it took her until well after closing to ensure that the patient received the drug she desperately needed—or the time I drove over 30 minutes to another community after hours to pick up a medication that a patient required from a hospital discharge in London?

What about the patient who was on Plavix after a stent who suffered extensive nose bleeds that doctors could not control? The patient said, "I was informed I would have a major heart attack in less than a year. My doctor was out of options and told me to consult my local pharmacist, Dionne, with the purpose of finding an alternative drug. After several meetings with her, she came up with a different drug. I am not being dramatic, but feel she saved my life."

What about the patient who did not want to start insulin until he talked with the pharmacist first, or the patient who could not promise me "she would be safe" because she was suicidal whom I drove to the emergency department?

As you can see, many of these interventions are not attached to a prescription, and that is the problem with the current system. If we are forced to cut services, we

will not have the time to discuss these issues with patients. This could mean that patients may prolong starting a life-altering drug treatment or may start a medication without proper education. Both of these situations could lead to serious health-related effects and ultimately increase costs to the health care system.

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Those are just some of the examples of the huge impact we have had as community pharmacists in the lives of our patients. In addition, we provide other vital health care services on a daily basis that have been funded by professional allowances, including:

- free delivery;
- faxing doctors' offices for renewals of medications;
- advancing medications;
- splitting medications;
- providing monthly wallet cards with the most current, up-to-date medication list, which are extremely important in emergency situations and can prevent serious adverse events;
- overlap of pharmacists to allow for medication reviews, chronic disease state management and patient education;
- medication and syringe disposal;
- empowering patients and teaching patients how to self-manage their chronic conditions, such as diabetes, high blood pressure, obesity and depression;
- advice on over-the-counter medication, herbals and vitamins;
- answering phone questions from patients who may not even be our regular patients;
- training on various devices, such as blood glucose monitoring, blood pressure machines and CoaguChek machines;
- and, of course, blister packaging and community seminars.

As you can see, these are all important patient care services that would have serious effects if they were either no longer offered or the patient could not afford to pay for them out of their own pockets.

In addition, there are many other aspects of our daily job as pharmacists that we do not receive direct funding for. These activities include: patient counselling, assisting with drug coverage issues, consulting physicians regarding potential drug interactions or inappropriate therapy choices, dose adjustments when patients are renally compromised or simply clarifying incomplete or incorrect prescriptions.

Every day is different in the world of pharmacy, and that is what I love about it. We are the most accessible health care professional, especially in our rural setting, and as such are called upon for anything and everything when it comes to the health care needs of our community.

The concern I have with Bill 16 is not the removal of professional allowances; it is the lack of proper transition time for my pharmacies which will compromise the care and services my patients receive. I want us to be able to keep my business viable and employ my dedicated team so that I ultimately can continue to provide these valuable

services to my patients. The amount of professional allowances that are being removed will largely impact my ability to do this. My pharmacy is one of those average pharmacies, and the average loss will be \$300,000 per year.

To remain viable, what do I need to do? In less than 10 days, the Legislature is expecting our entire pharmacy model and model of care to be transformed. This is impossible. As a result, I need to find ways for my pharmacy to remain viable, and I need to react quickly. This means charging patients for services they have been accustomed to receiving as a service at my pharmacy for no charge. In addition, there will be no overlap of pharmacists. I will need to reduce technician hours, which will result in increased wait times, and the pharmacist will no longer be available or accessible to answer questions or address concerns in a timely manner. This causes great concern.

For many of our senior customers, we are their lifeline. Many of them do not have family close by to assist them and cannot access timely health care in our rural setting due to issues with distances and doctor shortages. Who will they go to when they have questions or concerns or simply need clarifications?

Make no mistake, I agree that the system is flawed. I would much rather be paid directly for the services and the interventions my pharmacists and I make on a daily basis that saves the health care system money—thousands of dollars.

I am also a certified diabetes educator and spend a great deal of time with my patients, discussing not only their medications but also trying to engage my patients to take an active role in the self-management of their diabetes. Whether the interaction is 60 minutes or five minutes, there is value.

Studies show that these mini-interventions have an impact in creating behaviour change. Keep in mind that a diabetic visits a pharmacy, on average, 46 times per year. That's almost once per week, so there are many opportunities to assist patients in achieving better management of their chronic condition, and there are many times when teaching can occur.

It's very frustrating that the McGuinty government does not appreciate or value my role as a community pharmacist. Premier Dalton McGuinty goes on to say, "It's not the government's job to ensure the survival of smaller pharmacies who say the changes will force them to close their doors." By saying this, the Premier is saying that it is not his job to ensure that my patients have accessible, front-line health care in my communities.

Thank you.

The Chair (Mr. Pat Hoy): Thank you very much. You had a lot of words there and went through them well. This rotation will go to the NDP. Mr. Tabuns.

Mr. Peter Tabuns: Rosanne, thanks for the presentation today.

You say that you don't have difficulty with the professional allowances going but you need a transition

period. What do you mean by a "transition period"? What, concretely, should we be thinking of when you use that term?

Ms. Rosanne Currie: Well, I think what we're talking about here is that this bill is thought to go through on May 15. In this short period of time, a large, reckless amount of money is being removed from our system that we have relied on—the professional allowances that have allowed me to provide these services to my patients. If you remove that, what am I going to do? How am I going to pay my pharmacists? How am I going to continue to provide these services?

What we need to do is evolve. We need to evolve to a new model that will actually separate things into two things. There are those costs and those things that are associated with the direct filling of a prescription, and then there are those other tangible things that we do on a day-to-day basis, as I gave in my many examples of what we do on a daily basis as health care front—

Mr. Peter Tabuns: I'm going to go back to a question I asked some people earlier in this process. If you were paid \$14 for filling every prescription, would that cover the gap in revenue that you would lose with the professional allowances gone?

Ms. Rosanne Currie: I think it's a really good start, but again, we've got to take a look at the two functions, right?

Mr. Peter Tabuns: Yes.

Ms. Rosanne Currie: We already know that the cost to provide a prescription is \$14. The government is only paying \$7. Yes, if you bring that up to \$14, that will certainly cover the one part of our business. But what about those other professional services that we're providing, those things that I mentioned that have impacted people's health, those things that aren't directly related to the product? I think there needs to be improvisation for those direct fundings as well.

Mr. Peter Tabuns: Can you talk about the utilization issue? That's something that I've asked others about. Do you see circumstances where doctors are prescribing brand name drugs where they could be prescribing generics and saving money? If you see that, do you see that in large volumes?

Ms. Rosanne Currie: Absolutely. In every practice, we see that. There is no doubt in my mind that there is influence by the big branded pharma in terms of the choices that are prescribed. Definitely, you can pretty much tell that a rep has been in to see a prescriber, because you can certainly tell by the patterns of the prescriptions as well.

Yes, we do have a role to play in utilization. I'm a huge advocate for that and do it daily in my practice.

Mr. Peter Tabuns: The reality is—and this has been expressed by a number of pharmacists—that you will have people coming in for a large number of drugs, where you think that the volume of drugs that they're using could be substantially reduced.

Ms. Rosanne Currie: I think what we have to keep in mind is that probably we are that last link for the patient.

We're the ones that kind of keep track of everything that's going on. Sometimes, when patients go to a physician's office, oftentimes doctors only have time to address one issue—right? Or two issues. There are even signs posted saying you can address two things. As a result, a lot of things go by the wayside and oftentimes there isn't a critical review of the whole picture. As pharmacists, we can take that critical assessment of a medication profile. Maybe a spouse died 10 years ago and maybe that patient doesn't need their antidepressant anymore. But we can only find out those things by engaging in conversations with our patients.

Mr. Peter Tabuns: Okay. Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

MR. HAIDER MEGHJEE

The Chair (Mr. Pat Hoy): I call on Haider Meghjee to come forward, please. Good afternoon. You have 10 minutes for your presentation. I would ask you to state your name before you begin.

Mr. Haider Meghjee: Sure. Good afternoon, everybody. My name is Haider Meghjee and I'm the owner of Guardian Pharmacy in King City. I'm here to talk about how this bill will affect my store.

My pharmacy is a small, independent pharmacy and has served the city of King for over 30 years. I bought the store about three years ago and I have a 10-year business loan to pay. I employ eight staff. This includes two part-time pharmacists, two assistants and four part-time cashiers.

The professional allowance I get is approximately \$130,000 a year. This amount is reported to the Ministry of Health and is on my income statement as well.

This bill will remove about \$130,000 from my store, and a small store like mine cannot sustain such a huge loss.

What will I do to survive? I will have to lay off my staff—some of my staff, at least. Both of my pharmacists will be laid off. Right now, I collect about \$5,000 a month in terms of source deduction, CPP, employment insurance and taxes for the government. Most of this will be lost because I will have to lay off the majority of my staff. My pharmacists, who have never collected EI, have told me that they will collect EI with pride. Not only will the government lose in taxes that I collect, but they will also have to pay EI to some of my staff.

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The second thing that I will have to do is charge for services that we provide, or redirect patients to walk-in clinics or telehealth. Forty per cent of my patients are senior citizens and are highly dependent on my pharmacy for advice and for managing their medications. Right now, the professional allowance pays for the medical advice and issues handled in the pharmacy. If removed, I will have to either start charging for advice or refer my patients either to a walk-in clinic or telehealth. The cost of one phone call to telehealth is about \$39. The cost to

visit a walk-in clinic is about \$35. By removing the funding from the pharmacy, the government will end up paying more towards other services. They will not be saving much money.

I am not against cheaper drug prices. Both generic and brand name drug prices should be lowered. After all, the brand names are responsible for about 75% of the drug cost. This bill is removing professional allowances without replacing them with a fair fee for the services that we provide, and this is where the problem lies. As you've heard here, the average cost to fill a prescription is about \$14, and the government pays us just \$7. How do you expect us to provide these services for free? These services save the government a lot of money, yet I am not being paid fairly.

In conclusion, I would just like to say this: In these tough economic times, why is the government destroying an industry that's employing people? This bill will force every single pharmacy to lay off people. This will have a ripple effect on the economy: jobs lost, less taxes collected, more unemployment. It just doesn't make any sense.

That's all I have to say. Thank you.

The Chair (Mr. Pat Hoy): Thank you for your comments. The questions go to the government. Mr. Arthurs.

Mr. Wayne Arthurs: Haider, thank you very much for being here this afternoon and describing your particular business. Tell me, if you can, though, just refresh me on your comment; I'm not sure I gathered it correctly. You referenced about \$130,000 in professional allowances which you will lose if this legislation gets implemented. Is that the portion from the Ontario drug benefit plan or is that the full amount—

Mr. Haider Meghjee: That's the full amount.

Mr. Wayne Arthurs: That's the full amount. So presumably, at least initially—I'm not arguing your numbers—you wouldn't see that impact when the Ontario drug benefit portion is removed because the phase-in for the other would still be in place.

Mr. Haider Meghjee: I will lose about half of it at least.

Mr. Wayne Arthurs: About half of it would be the number that you're working with initially.

You, like others, have indicated that there's no disagreement that we should be doing things to bring down the cost of generic drugs. I have no expertise in drugs; I only work from some examples that are provided. Maybe I can just give you one; you can let me know whether I'm even in the ballpark. As I understand it, anyway, Ramipril, which I believe is a high blood pressure drug: Currently, the cost on an annual basis might be in the range of about \$256. With the removal of the rebate structure, it could be down to about \$87, probably saving about \$170 on that particular drug. Would you be familiar with that?

Mr. Haider Meghjee: I'm not familiar with the exact numbers, but about half of it at least.

Mr. Wayne Arthurs: Okay. So it would certainly be substantive at that point for that.

Mr. Haider Meghjee: But a bigger saving is achieved by cutting down the prices of brand name drugs, which the ministry hasn't even touched.

Mr. Wayne Arthurs: Okay. All right. Mr. Chairman, I believe that Mr. Colle may have a question in our time allocated.

Mr. Mike Colle: Thank you for coming here today and expressing your very sincere concern. I'm not quite sure how this professional allowance works. Is it on every prescription that the generic drug company sends you the allowance? How does that work?

Mr. Haider Meghjee: No. We get a volume discount. So let's say you buy \$100 worth of generic. You get a discount, okay? I buy my generics from Drug Trading, so there is an average discount of about 36%. For every \$100 worth we purchase, we get \$36 of discount.

Mr. Mike Colle: So it's a discount, basically, the way it works.

Mr. Haider Meghjee: Yes, it's a discount. People have called it a kickback; people have called it rebates. The government decided to call it a professional allowance.

Mr. Mike Colle: Then, on the comparison side, on the brand name pharmaceuticals, which you mentioned, their prices are also very high. Do they give you any kind of reimbursement or discounts of any kind?

Mr. Haider Meghjee: No.

Mr. Mike Colle: They don't.

Mr. Haider Meghjee: No, they don't.

Mr. Mike Colle: So they essentially make their money by their high price and the advertising they do of their—although they don't advertise, except you see all those American television stations with all those ads. I'm not sure if that's for Vitalis and all of those. I don't think they—

Mr. Haider Meghjee: They promote their products through doctors, so they advertise with the doctors.

Mr. Mike Colle: Do the doctors get a discount from Big Pharma?

Mr. Haider Meghjee: I don't think so, no, but I'm sure they get trips. They get other benefits from there.

Mr. Mike Colle: Yeah, because how does a pharmacist or a doctor know which drug is suitable? In other words, there are many different competing producers and, therefore, how would they connect with doctors to let them know that this drug is better than another drug by another company? These are the questions I get asked as an MPP from my constituents, and I sometimes find it difficult because there are so many complexities to it.

Mr. Haider Meghjee: It all depends on the company and how much advertising they do and how many doctor visits they do. The more doctor visits they do, the higher chance of getting that prescription.

Mr. Mike Colle: So the Big Pharma salesmen go see the doctors.

Mr. Haider Meghjee: Salesmen go to the doctor, yes.

Mr. Mike Colle: Thank you. I appreciate the help.

Mr. Haider Meghjee: You're welcome.

The Chair (Mr. Pat Hoy): And thank you for your presentation.

MR. ROB ROGERS

The Chair (Mr. Pat Hoy): Now I call on Rob Rogers to come forward, please. I'm pretty sure you know how it goes here now.

Mr. Rob Rogers: Yeah, I've got the idea. I've been here three hours or so.

The Chair (Mr. Pat Hoy): You have up to 10 minutes, and there will be five minutes of questioning. Just state your name, please.

Mr. Rob Rogers: Okay. My name is Rob Rogers. Good afternoon, Mr. Chairman and everyone on the committee. I'm a pharmacist and store owner of two pharmacies up in Bruce county: Gordon Pharmasave in Kincardine and Wardrop Pharmasave in Port Elgin.

My stores are independently owned and operated by myself and two partners, both located in southern Ontario. My stores are businesses that have been operating in their respective communities for generations—long-standing traditions. We serve a large clientele of both young and senior alike, but more to the senior side. Both stores have a long-standing tradition of top-notch quality and accessible health care. Both stores are small, well under 5,000 square feet, but they are anchor stores for their downtown cores, which in these days is very important. The downtowns need all the drawing power they can get in rural Ontario. Prescriptions make up 90% of our business. Pharmacy is our bread and butter, our passion and our reason for existing. Our front stores can't possibly make up for any shortfall in the pharmacy.

I'm here today to share with you the impact of eliminating professional allowances from the system, which was designed by the government through Bill 102 in such a short span of time without proper consideration for the consequences for both patient care and the viability of a vital service in the community.

Our pharmacy business has a mix of roughly 55% government prescriptions and 45% private. Removing professional allowances from the system will mean a huge financial blow to the pharmacies. If allowances are taken away completely, both stores will lose a large amount of money per month. The allowances allow us to pay the expenses that ensure that pharmacy care and services are accessible to our community.

Due to the extremely low margin on government prescriptions, we actually lose money on them to the tune of \$7 per prescription. We are operating on a dispensing fee that has only increased 56 cents in 20 years. What business could possibly operate on a 1990s revenue while paying 2010 expenses? Pharmacist rates have gone up, technicians are needed now for increased workloads, and all other overhead costs have gone up.

Our pharmacies provide many extremely valuable services to the community. We compliance-pack seniors' and disabled people's meds to allow them to avoid dangerous errors in taking their meds. A good example

is, we provide compliance packaging to two local group homes that care for mentally challenged individuals. The caregivers at these homes are lay people and they don't have the knowledge to dispense these medicines unless they are properly packaged in this manner.

Due to the fact that these people have very little income, we do not charge them any blister-pack fees on these prescriptions. Because some of them are not on many items, this results in some of them actually resulting in a loss for the pharmacy. This is a very expensive process, compliance packaging. It requires a lot of products, but more so, a lot of manpower.

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Another example is a senior man we have who is extremely deaf; he can't even hear on the phone. He's an alcoholic and he's very confused, yet he's on very important medication. We've had to actually go to the extent of delivering him one strip of pills per day, every day, and of course at no charge.

We counsel people not only on their medicines and how to effectively take them but also on their disease states, but we do not get reimbursed for this counselling. We have one patient in particular with whom we spend at least an hour per week on the phone talking about all of her pain issues. She is a greatly troubled woman with whom myself and my fellow pharmacists show a great deal of compassion and patience. We spend a lot of time researching treatments for her, phoning the doctor on her behalf, getting her refills, advancing her pills etc. Currently, there is no direct compensation for this.

We counsel people on how to treat ailments with over-the-counter medicines and non-medicinal treatments, thus keeping people from going for a very costly emergency room visit. Hundreds of times I have given people a simple over-the-counter antibiotic drop to treat bacterial conjunctivitis, commonly known as pink eye. This cures the infection, usually within a couple of days, with no cost to anyone but the patient. If this person were to go to the emergency room, then the taxpayers would be on the hook for both the emergency room visit and possibly a much more expensive prescription that the doctor would prescribe. We solve all kinds of medicine-related issues: interactions between drugs, wrong doses, wrong drug for the ailment etc.

About a month ago, I had a man and wife come in. The man was taking his blood pressure at our in-store machine. His wife asked me if high blood pressure could cause such things as for him to slur his speech and make incomplete, incoherent sentences. I recognized this immediately as a sign of not high blood pressure but something much more serious: He was having a stroke. I sent them to the hospital immediately. The man's wife called me the very next day to thank me sincerely as the early intervention by the hospital saved the man from severe damage and possibly even death.

We take bags and bags full of waste medicines and needles back from people and dispose of them properly, getting them incinerated, keeping them out of the local water supply. This is very costly for us. This isn't cheap

to send these things away. I checked my bills; it costs us about \$150 a month to send these away, but no funding for that.

All of these services are provided on a no-appointment basis by the most accessible health care professionals in the system. I can't think of any other professional whom an Ontario resident can access simply by walking in and getting quality health care so quickly, and at no direct expense to them or the taxpayers.

Several times weekly, we teach patients how to properly use blood pressure machines and blood glucose meters. These devices are key elements to monitoring disease states such as high blood pressure and diabetes—very serious disease states. When they're used properly they're very important, but when these devices malfunction, people don't go to their doctor or their hospital; they come to the local pharmacy. Dealing with this is very time-consuming, and manpower is expensive. These services all happen in conjunction with dispensing medicines and cannot easily be separated out and paid for.

The abrupt loss of the allowance without proper alternative funding mechanisms will mean a rapid and shocking change to the public's quality of front-line health care. I'll be forced to dramatically increase the dispensing fee on the non-government prescriptions by \$4 to \$5 per, as I can only count on a \$1 increase for government prescriptions. I'll have to eliminate overlap of pharmacist shifts, which will translate into longer wait times and a lot less time for counselling patients who really need the help. I will have to cut a full-time technician in each store, meaning yet longer wait times. I will have to at least double the cost of compliance packaging for the people who can least afford to pay it. I will charge for expired medication and needle disposals. Many people will probably just throw them in the garbage.

Pharmacists realize that there are budget issues and a need for a more transparent system. That's why the coalition provided a plan to reduce generic prices, lower allowances and save the government \$260 million. Taking \$750 million or \$300,000 per store out of the system does not cure the problem but forces it out in another way onto the taxpayer. It will be a lot more noticeable for them, in that case.

The Chair (Mr. Pat Hoy): Thank you, and the question goes to Mr. Miller.

Mr. Norm Miller: Thank you, Rob, for your presentation. Most of the pharmacists that have come before us today said they're in favour of lower generic drug prices and they're also in favour of, with a gradual transition, doing away with the professional allowance. I get the impression that you'd much rather be paid the real cost of a dispensing fee, which has been estimated at \$14, versus half the cost of the dispensing fee, which is what you're paid currently, the \$7. You're nodding your head, so I guess that means you agree with that.

Mr. Rob Rogers: Yes. Definitely, it would be much easier than the other way around.

Mr. Norm Miller: But my question is, we have the Canadian Association of Retired Persons, CARP, coming

later on this afternoon, and they've come out and made statements in favour of the government's plan, I think mainly on the basis of reduced generic drug prices. What would you tell them about what it's going to mean for seniors in your community and the patients who you deal with? Frankly, I'm surprised that CARP is supporting this, because from what I've heard today, certainly, it's going to mean a lot of services that will have either extra charges for seniors or services not provided to them.

Mr. Rob Rogers: I'm surprised too, because seniors, as someone before me mentioned, pay either \$2 or \$6.11 on their government prescriptions. The fact is that a generic price change isn't going to affect them out of their pocket at all, but it will affect them if we start charging them for compliance packaging, for delivery and for counselling on their disease state. That would cost them, because currently we can't bill directly for it. So those are things being subsidized.

The other thing is that a cheaper, generic price won't help if they're getting brand-name prescriptions. Seventy-five per cent of the budget is the brand name medicines, not the generics. It's attacking the smaller percentage of the problem rather than the larger side of the problem. As people have said before and as I know for a fact, doctors prescribe these brand name medicines over the generics often, and it has a huge influence on the sales force.

I, myself, have gone to the doctor, recently diagnosed for blood pressure. The doctor asked, "So what do you want to go with?" She knows I'm a pharmacist. I threw out a couple of generic names. "Well, no. No, I really think you need this brand name stuff instead." She was actually arguing with me, a guy who knows drugs, wanting to give me a brand name. I think that speaks a lot about just how potent this promoting of the brand name medicines is.

Mr. Norm Miller: So what would you say to CARP, this organization that represents seniors? What would your message to them be?

Mr. Rob Rogers: I would have to assume they don't fully understand the system. Pharmacists know the system inside and out, and we know where money can be saved. As almost every pharmacist up here has said, drug utilization is huge and it could save millions and millions of dollars. If you can get somebody off Crestor and put them on simvastatin, that's a huge savings, but—

Mr. Norm Miller: And these changes are going to hurt seniors?

Mr. Rob Rogers: Yes.

Mr. Norm Miller: Okay, thanks. I think Toby wanted to ask a question.

The Chair (Mr. Pat Hoy): Mr. Barrett.

Mr. Toby Barrett: The government has indicated they're looking at a larger dispensing fee for rural pharmacies or remote pharmacies to compensate for losing the professional allowance. I don't know whether you can shed any light on this. What would be the government's definition of "rural"? We had a definition

of rural for doctor recruitment, and they changed that. Some rural areas are no longer classified as rural.

Mr. Rob Rogers: Well, whenever you talk to anybody from Toronto or young people, it's always, "Where I live in Bruce county is rural"; I've even heard the word "remote." I'm from Saskatchewan, so that just makes me laugh my head off, because it's a great place to live. To me, an hour to drive to a large city is nothing, but to people out there, it is remote, and we have to pay extremely high prices for pharmacists in our area, higher than any of the major metropolitan centres by probably a good 10%, 15%, 20%. So I have to pay a high price.

We can't get doctors because it's remote. We have a severe doctor shortage in Kincardine, which only makes us all the more valuable. We had a doctor who went through a crisis about a month ago—a family crisis—probably the biggest writer in town, the most popular doctor. He was basically out of commission for two to three weeks. We had to scramble, we had to find other doctors. We had to fax, we had to loan people pills. What would happen if the pharmacy wasn't there to fill in for that? I mean, people have to wait a month to get in to the doctor.

Mr. Norm Miller: Thanks for your presentation.

Mr. Mike Colle: A question, Mr. Chair, of the research?

The Chair (Mr. Pat Hoy): Very good.

Mr. Mike Colle: I wonder if research could compile some kind of data information in terms of the protocols used by doctors to prescribe brand name pharmaceuticals over generic pharmaceuticals, the rationales they use for prescribing a brand name over generic, given the cost differential, what their rationale is and the protocols that they use, and if there is any government oversight of this; and maybe some data on how much is prescribed and the cost of these prescriptions of these brand names, to give us some examples so maybe, as Mr. Rogers—that used to be the name of my drugstore, Mr. Rogers', but I'm sure there's no relationship. Perhaps we could get a couple of commonly prescribed brand name drugs, like for high blood pressure and other common ailments, two or three of them, not too many; I know you don't have that much time. But if you could give us a bit of a breakdown on that to get an idea, if the government has any of this data available.

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The Chair (Mr. Pat Hoy): Thank you. Mr. Colle is subdued in to the committee, so he can put the question.

Thank you for your presentation.

Mr. Rob Rogers: Thank you.

MR. MURRAY BERMAN

The Chair (Mr. Pat Hoy): Now I ask Murray Berman to come forward, please.

Mr. Murray Berman: Thank you, Mr. Chairman, lady and gentlemen, for the privilege of addressing you. My name is Murray Berman. I am a retired pharmacist. I had two stores. I retired in 1977. I have no financial

interest in a pharmacy whatsoever. I should point out that I'm a senior. I'm going to be 78 in October.

Interjection: You may sit down, sir.

Mr. Murray Berman: Yeah, I'd rather stand. As a pharmacist, I never sat down. I stood up all my life and I'm still standing.

Anyway, I did serve six years as an alderman in the city of Chatham and three years on the board of education after I got out of pharmacy and got into another profession to help people. I was also on the provincial flood plain review committee.

I would like to just throw in one thing: I notice, from store to store when I go shopping, that Walmart is now up to \$9.49, and I'm sure some of the other superstore chains are climbing up too.

What I'm here for today is to give you a history of the fee for pharmacy service to replace the archaic system of markup and profit for filling a prescription.

In 1956-57, the final year of four for pharmacy students at the college of pharmacy, U of T, led by Professor Fuller, the class undertook to survey the then-current system utilized to cost prescriptions as formulated by the College of Pharmacy of Ontario to dispense drugs. Several class members—I was among them—who worked in pharmacies did a breakdown of 200 prescriptions, each dispensed during a given period. The breakdown was to determine the actual cost of the medication and the resulting fee or profit. Utilizing the Ontario College of Pharmacy schedule, the cost of a drug was marked up by a formula, a percentage markup of 40%. This was like the retail system in use then, and in use today, for sales by merchants of food, clothing and hardware. The survey showed that should a fee system be implemented using the actual cost of the drug plus a fee of \$2, this would result in the final price being almost exactly the same as the current system in place. I believe all pharmacies of the day believed that this system was unacceptable to them.

As a result, the pharmacists operating at the time could not accept that they could not get the 40% markup on the high cost of the new drugs coming out every day and only make \$2. They also failed to realize that a prescription for 100 phenobarb or similar type of low-priced drug with a cost of about 25 cents would only return a very low total price of, say, \$1.50 or \$1.75 for 100, or something like 85 cents for 24. They would not accept that a prescription for Achromycin, for example, a patented brand name, would only reimburse them \$9.17—cost—plus \$2, when they were charging \$15.27, a markup or profit of \$6.10.

In 1960, nobody knew the generic names of brand drugs. Everyone used the brand name. There were some very cheap medications like phenobarb, ASA, codeine etc. that used a generic name. No one used generic-named drugs.

It was determined from the surveys across Ontario that these high-priced prescriptions were very few in number and that the majority of prescriptions were in the low end and not the high price range.

The students reasoned that counting and dispensing 16 tablets at a cost of 10 cents was just as much a professional endeavour as dispensing 16 antibiotics at a cost of \$9.17, and that the professional fee did not depend on the cost of the ingredient, but the professional service required. We were pharmacists, not merchants.

That was 1957.

In May 1959, I opened my own small store in Chatham, and in January 1960 started dispensing utilizing a \$2 fee. My average prescription price was about \$2.96. In about 1960 or 1961 I distributed a list of generic drugs with their patented names and advised the physicians in my area that if they had patients who they thought would not get their prescriptions filled because of the cost, then they should use the generic name and this would cut the cost of the prescription by at least 50%—at least in my store, using a \$2 fee with generic drugs. I guess I upset my confreres, and so the College of Pharmacy ordered me to appear in Toronto before the infringement committee to explain why I was acting in such an unprofessional manner. The drug manufacturers also sent me letters condemning me for using their patented names without their permission and warned of impending lawsuits.

I also instituted an answering machine, for which I sent letters to the doctors that if they wanted faster service for prescriptions after hours, they could record the prescriptions verbally and I would act on it fast. Again, the Ontario Pharmacists' Association condemned me and demanded that I provide an explanation to them and the college in Toronto for my rogue behaviour in utilizing an answering machine.

These actions by authorities appear outrageous by today's standards.

I also put "Poison" stickers on all my stock of cigarettes, and down came the tobacco companies to stop my mutilation of their products, but that is another matter.

Which brings us to the main point that I want to make. It has been 53 years since the class of 1957 originated the fee of \$2 on the cost of the drug—no markup—for the quantity of drug for a course of treatment or a 30-day supply and, in many cases, a maximum of 100 tablets. You couldn't give them two months' supply for \$2; it didn't make sense. In those days, most drugs were packaged, exceptions being for antibiotics, which were packaged as a course of treatment, a pack of 16 or so.

It was not until later in my career that larger bottle sizes appeared, such as 500s or 1,000s. This small price advantage to the pharmacist was removed at the hand of government. The cost price was the larger size cost, not the accepted price previously determined earlier based on the class-of-1957 calculations that we had used to determine the fee. The provincial government, then, determined the cost of the drug for us, regardless of what it actually cost the pharmacy. They determined our costs, not us. For example, the cost to a pharmacy in Wawa or Sault Ste. Marie was obviously higher due to transportation costs and other factors. Yes, there were what one might call meetings held with the ministry, but never

truly negotiations as far as we pharmacists were concerned.

Pharmacists now lost the benefit of larger-size buying. Any modest fee was stagnated, with no consideration of the cost of living or inflation, as with almost every other body of workers in a democratic, free society. Pharmacists, being nice guys, never, ever went on strike or held the public captive, as we have seen over the years in some allied health professions with work stoppages, work to rule or strikes.

In the current May issue of Reader's Digest, you will find a survey of the most trusted professionals in Canada. Well, pharmacists were number three as the most trusted professionals. Where were others, you may ask? Nurses were number five; doctors, number six; politicians, 39, just one above car salesmen at 40.

How can you strap pharmacy with this terrible mockery of your best friends in the health care field, with a fee of \$7 in this time frame, 53 years later? If you recall the fee of \$2 in 1957, also recall that bread and milk were 19 cents each, and gas was 24 cents a gallon. That works out to about five cents a litre. Taking inflation into account, I am told by someone who did some calculations and had access to an amortization schedule that the fee should be closer to \$14.35 or more, an honest fee. I'm surprised to hear that the figure \$14 came out several times today.

If the province had played fair with the pharmacies of Ontario long ago and negotiated a proper and reasonable fee in past years, then this furor over so-called professional allowances, coined as such by the ministry—there would not have been this quagmire we have today.

I personally am no longer practising my chosen profession that I, as a child growing up, wanted to become. The government had more fingers in my pie than I did, so I sold out and quit. The policies of this Liberal government, if put forth, will unfortunately force hundreds of stores and pharmacists to do the same: quit. It is archaic economics and logic to believe that by reducing the sheer number of pharmacists practising, Ontario's drug costs will be contained. Similarly, the idea to reduce the number of medical school graduates in the 1980s did little to reduce health care costs but did create an enormous doctor shortage and poorer health care for decades to come.

Long-term solutions must reign. Ontario is not immune to the large demographic shift that will increase demands on health care dramatically in the near future. A smart, creative and industrious government would see that working with pharmacy, as the most cost-effective provider of health care, would be the wisest, most economical and innovative direction the cash-strapped government could undertake.

What if the government got what it truly wanted? What if tomorrow every pharmacy in Ontario said that there's just no way financially to continue to service patients under this government reimbursement policy? Does this government truly believe they could create and fund a public system that services the great citizens of Ontario at even close to the level that takes place today—

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Murray Berman: Okay. I'm here to advise you, the legislative committee, to take heed, and the pharmacies of Ontario to take heed of the following and not lie down as we have in the past.

The medical profession have an OMA schedule, updated regularly, of fees that they utilize to assess their patients for services not covered. The pharmacists of Ontario should adopt a similar system as well, and start now. The resultant costs would be charged to the patients of Ontario. It would be on your heads to explain why they now have to pay the charges, just like they are asked by the medical profession, when it was free before. Pay it piecemeal for service or a lump sum payment every year. Nothing is free today, except pharmacy services. I supplied you with the OMA schedule of fees. You can pay \$95 a year personally or \$195 for the family—something like that.

If a doctor charges \$12.13 on the OMA schedule for a phone call to the pharmacist, using only one example, then the pharmacist should charge the patient as well for the actions they take every day: calling doctors for repeats and for errors in prescriptions, inaccurate dosages, drug-drug interactions and many more.

The pharmacist is the last hope for patients to ensure that there are no errors or drug interactions and that they understand the directions and instructions from the doctor, which they seem to forget soon after they have left the office.

If you examine the list of services the medical profession ascribes to, then the pharmacists should charge for so many other extras. Let the doctors check their own prescriptions for incompatibility. We should charge for all the advice we give for everything dispensed, for all the information on over-the-counter drugs, and for the counselling for all the drugs we are responsible for in our stores, instead of sending people to the hospitals and walk-in clinics. We should stop acting as intermediaries for doctors and hospitals. One only gets what one pays for. Pharmacists counsel patients to not buy something or to not take a drug as often as they suggest a drug to relieve a problem, even though this does not add to the bottom line.

Thank you very much.

The Chair (Mr. Pat Hoy): Thank you. I did let you go over because we're shortly going to be called for a bell, or potentially could have a bell, for a vote, and our questioner in this round is not here. Thank you very much for your presentation.

Mr. Murray Berman: Thank you.

The Chair (Mr. Pat Hoy): I'm just going to wait and see if members—they're calling to see what would occur. We'll just pause for a moment.

Okay, we will recess until after the vote, and then we'll come back.

The committee recessed from 1634 to 1646.

The Chair (Mr. Pat Hoy): The standing committee will come back to order now. Before we start with our

next presenter, I'm just going to let the room know that we are going to forgo questions in order that we can be done on time. There will be no questions, but we do want to hear your presentation. It's partially my fault; I gave people more time than 10 minutes and I gave questioners more time than five minutes on occasions, and now we're behind—plus the vote we just had.

MR. AKIL DHIRANI

The Chair (Mr. Pat Hoy): I'd ask for Akil Dhirani.

Mr. Akil Dhirani: Good afternoon. My name is Akil Dhirani. I have a little store in Scarborough at the corner of Victoria Park and Finch.

I'll give you a little background about myself. I started practising in a hospital setting in Windsor at Salvation Army Grace Hospital and then moved on to Hôtel-Dieu Grace, where I was the director of both sites. Finally, when Mr. Rae was through with the hospitals in Windsor, we had the amalgamation of the hospitals and we ended up with two hospital sites in Windsor. This brings back some memories, in the sense that we went through some of these things in a hospital setting a few years ago.

I'll walk you through my little presentation. I hope everybody has got a copy of the handout. The first page is a little pictorial of the clinics that we do on a day-to-day basis. In this particular case, we have Nurse Millie here, and we're going through the MedsCheck program as well as cholesterol, blood sugar and blood pressure monitoring. Then on page 3 of the article, I thought that rather than me telling you what it is that I do, I'd ask a couple of people who come to me for my services on a daily, weekly or monthly basis.

I remember one of the members—if I remember, it was the honourable MPP Miller who asked a question: What would you tell the representative from CARP? I believe it was yourself. Well, I got a little answer for you here. This is from Mr. and Mrs. Marjeram. If you look at paragraph 2—I'm going to the middle of the paragraph: "No request is too small or difficult for him to administer. I had occasion to request him to fill a prescription while I was out of the country and he was fully acquainted with the implications of mailing" my prescriptions "to me in the United States and he willingly undertook the request," and my prescriptions were received. This would be something that I would tell the honourable member from CARP.

If memory serves me right, I think there is a member of CARP from Windsor who had actually come out and said the exact opposite, as far as the support for this program goes.

In addition, if we go to page 4, this is a letter from a lady who's 90 years old—she looks 60. Again, somewhere in the middle of the thing: "At times, he has taken time to explain to me things about my medications that doctors have not taken time to do." That's something else that I would tell the member of CARP, who hopefully will be coming in after me.

Lastly, on page 5, is a letter from Mr. and Mrs. McMullen. Again, the middle paragraph: "Mr. Dhirani

has proved to be a most helpful liaison with the doctors who prescribe these medications. We are more frequently in touch with Mr. Dhirani than our family physician."

I hope this suffices to answer your question. As far as what I would tell this member of CARP, these are some of the things that we may think about twice before we embark on mailing our prescriptions to the United States, visiting a 90-year-old or liaising with a senior's physician.

If you go to page 6, this is a letter from a physician. This patient was totally out of control. She was a psych patient, and this is a physician writing me a letter, saying, "I want to thank you" personally for supporting the management of this patient. Hopefully this is enough as far as answers and information on what we as pharmacists do. Again, this is not in my words. I'm sure you folks have heard a lot of words today, so hopefully this is a little different.

Then we go to page 7, and here what I'd like to do is bring in my hospital experience and talk about therapeutic substitution. We've had numerous questions about brand name drugs. Member Colle asked research to look at prescribing habits for brand name drugs. I bet you, if you look at research done in the United States in the 1990s—they looked at the prescribing habits of emergency interns. What they found out was that it was dependent on which company had brought in lunch the day before. Hopefully you can still find that research.

I had just graduated; then I joined Salvation Army Grace hospital. At that time, my job as director of pharmacy was to look at the drug budget. Guess what? Drug budget, yes—the drug budget at Hotel-Dieu Grace Hospital which exists today. There, one of the things we did to curtail the drug budget was to form two committees. One is found in any given hospital; it's called the pharmacy and therapeutics committee. If you look at the roles—and hopefully research can do that for you folks—of a pharmacy and therapeutics committee, one of the things it does is it controls the drugs that are permitted to be prescribed in the hospital. Guess what pharmaceutical companies will do? They will approach the physicians directly and ask them to prescribe their third- or fourth-generation drugs in the ICU or emergency room settings. My job, or any clinical pharmacist's job in a hospital setting, would be to go through the P&T committee and educate these physicians that just because something has been around for a while doesn't mean it doesn't work anymore. Hence, we get into issues of anti-microbial resistance, where we have such things as superbugs. Why do we have superbugs? Because you have drugs that are used that are not necessary, like broad-spectrum antibiotics.

That leads me to the other committee that we formed at the hospital, again talking about how we look at the usage of drugs. One of the committees was an anti-microbial review committee. Hopefully you folks can guess what this committee did. It looked at the antimicrobials that were used in the hospital setting, particularly in the ICU and the emergency room settings. These are some of the things that I looked at.

I want to embark on—and hopefully I can conclude with this—the talk about therapeutic substitution. Again, I heard there was discussion about how a doctor chooses a brand name drug and how pharmacists come in. Well, if you look at any hospital pharmacist, you'll find that their job will be to go on those units and hopefully, when the doctor is prescribing, say, "Well, Doctor, this is not in the formulary, but this is."

I got you folks three real-life examples. We've had numerous questions. I'm glad you can't ask me any questions, so I can get away with these numbers. I've got three examples here, and hopefully if you guys have any questions you can ask me later on or email me.

The first one is an antimicrobial. In all three examples, on your left will be the generic version; on your right will be the brand. The cost—I'm going to simplify this. On your left, for the pharmacists behind me, is biaxin clarithromycin. What do these brand name drug companies do? Guess what: If my patent's expiring tomorrow, I'm going to put an SR, XL, CR or what have you and make it a better drug, and go tell these doctors that this drug is better. You folks are talking about reducing the cost of generics? Well, guess what: It's barking up the wrong tree. You folks have heard that 75% is brand names, right? But it doesn't really matter. We're going to reduce the cost of generics? Well, these folks will put an XL, SR or what have you and go tell the doctors, "This is a better drug."

This is an antimicrobial for upper respiratory infections, Biaxin. The 10-day therapy is on the left: \$38.96 is circled; the 10-day therapy on the right—hopefully you folks can read the \$59.31 and do the math. We dispense that; we lose \$1.36 on every prescription.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Akil Dhirani: Okay. The same thing with the next one, Actonel. It's for bone density. We've got an Actonel 150. The 35, which is used four times a month, just became genericized. Guess what? The 150 is out. The majority of their patients are on 150. Guess what's going to happen?

The last one is Lipitor, the world-famous cholesterol-lowering drug. Again, the math is right there. The cost for one month on the left is \$33.84 for the generic simvastatin; on the right, it's \$58.91.

Page 10: These are the losses that I would suffer—hopefully you folks can read that—if these cutbacks or what have you would go through. Lastly, page 11: We're not against lowering the cost of generic drugs; we're all in it together. We're in to look for solutions. Let's look at solutions—

The Chair (Mr. Pat Hoy): I'm going to have to end it there because we are really pressed for time, but thank you very much, and we will look for it.

MR. HESHAM ABDELSAYED

The Chair (Mr. Pat Hoy): Now I would ask Hesham Abdelsayed to come forward. Good afternoon, gentlemen.

Mr. Hesham Abdelsayed: Good afternoon, and thank you, Mr. Chair and members of the standing committee on Bill 16. My name is Hesham Abdelsayed. I am an independent pharmacist from London, Ontario and I have been a practising pharmacist for 25 years. I own several pharmacies across Ontario. With me today is Mr. Michael Nashat. He's a new pharmacist who has just recently entered the profession.

I appreciate the opportunity to comment on this bill. My comments, endorsements and concerns will focus on how this bill will impact the pharmacy. I hope that what I and what other stakeholders will say today will be examined, studied and acted on. Unfortunately, I do have my doubts.

As you may be aware, Bill 16 amends the Drug Interchangeability and Dispensing Fee Act and the Ontario Drug Benefit Act. Regulations have been posted on the Ministry of Health's website for comment. The deadline for comments on these regulations is May 8, 2010, yet the regulations are to be enforced on May 15—that's five business days. How can comments that are received be expected to be analyzed, examined or even looked at, or changes implemented to them, if at all, within five business days?

The committee should recognize that this is unacceptable in a process that is meant to be transparent and accountable. The comments and concerns of all parties should at least be considered to ensure that the changes we are putting through are in the best interests of the Ontario population, the taxpayers, the elderly and those with chronic disabilities. Ontario's pharmacists are considered one of the most trusted professions in Canada.

My first request is to delay implementation of the regulations until we have fairly addressed the concerns and comments. As a taxpayer and business owner who supplies his employees with health benefits, I welcome changes towards a system where drug prices will be lower and more transparent. The reductions and possible elimination of professional allowances that have been set up, regulated and audited by the current government is also a welcome move.

1700

However, it is very important to be known that in Ontario the pharmacy has only seen an increase of 56 cents in dispensing fees over the past 20 years. The current cost of dispensing, by an independent University of Toronto study, is \$14—and I have supplied you with a copy of the study itself—for the average pharmacy. This fee covers salaries, overheads, insurance, software and packaging costs, along with many other costs.

For the past 15 years, the cost of operating a pharmacy business has doubled: pharmacists' rates from \$28 to over \$50; technicians from \$10 to \$11 to \$18 or \$19 and even as much as \$20; delivery from \$2 to \$5 per package; hydro, gas and everything.

You can see that we have a gap in funding between what we are paid by Ontario drug benefit, which is currently a \$7 fee plus markup of 8%, for a total of \$9.80 on an average prescription.

A \$1 increase in the dispensing fee as proposed will not be enough, especially because this \$1 actually translates to be a 60-cent increase in funding. The lowering of generic prices by 50% saves \$500 million and will mean a reduction of \$40 million in markup funds, which works out to be 40 cents over all prescriptions, brand name and generic.

Having made some points so far, certain things need to be established as I go forward with my comments.

Helping close the gap in funding will create a stable, transparent and sustainable system. As a professional pharmacist who operates his own store, I can assure you that I will continue my services under any circumstances. It is both my moral and professional obligation. It is also required of me as a pharmacist to follow the standards of practice and code of ethics as set by the Ontario College of Pharmacists. If I am not able to provide these services, I will not be able to perform my duties as a pharmacist, which means I would have to close. I will not hold my patients hostage or grant them services that are sub-optimal and not up to the expected standards of the profession. This means that our options are limited to closing if we can't provide the same level of service.

How we can reach a sustainable goal that can save the government money? According to the government's account, there will be \$500 million in savings and, in return, the government will invest back \$124 million in dispensing fees and \$100 million for professional services, resulting in a net savings of \$276 million.

However, I suspect that the real savings will be over \$800 million, considering savings that will come from the following scenarios: \$500 million from the 50% cut in generic prices; \$40 million on the markup savings due to decreased costs; and \$270 million when Lipitor, which is Ontario's most expensive drug, goes generic this year, and the government will immediately start saving \$270 million plus \$2.4 million in the difference of markup for that product. This amount will result in total savings of \$810 million. If you increase funding of the dispensing fee by \$3 per prescription, which will cost the government \$300 million, the ODB program will still save \$500 million.

We are supporting elimination of the professional allowances and the reduction in price of medications, but we expect the government to reimburse pharmacies fairly and transparently so that they can safely provide patients with their medications and provide the services that our most needy population—which includes the elderly, the mentally ill, brain-injured patients and those with disabilities and chronic conditions—require. I wish to continue to service these patients, and the proposed regulations, as currently written, will not allow me to do that.

I ask with all sincerity that the government increase its dispensing fee to a level that is more realistic with what the Ontario population expects from their pharmacy.

As a business owner, I am also concerned about the hastiness of this implementation. The regulations immediately drop the price of generic medications. Aside from being a pharmacist, I have to purchase the medi-

cations and sell them. These medications come with a price, and the drop in prices overnight means I will be selling my entire generic inventory at a loss. As a business owner, this is unacceptable. As the Standing Committee on Finance and Economic Affairs, I hope you see that I can't buy and keep an ODB product at \$50 and receive reimbursement at \$25 for it when the price reduction comes into effect May 15. A process needs to be in place to allow pharmacists to adapt to this new model. There needs to be a phase-in where we can obtain lower-cost inventory. Thank you for your time.

The Chair (Mr. Pat Hoy): And thank you for your presentation.

MR. SCOTT HANNAY

The Chair (Mr. Pat Hoy): I would call Scott Hannay to come forward, please. If you state your name, you can begin. You have 10 minutes.

Mr. Scott Hannay: I'm Scott Hannay. Thanks for spending the time today. I know you've had a lot of talk from pharmacists. I'm an independent pharmacist. I'm a co-owner of two pharmacies in Kitchener.

If you think you've heard a lot about drugs, I'm just coming from the Ontario Pharmacists charity hockey tournament, and there's one topic of conversation that's been going on for the last two days—

Mr. Wayne Arthurs: And it's not Montreal.

Mr. Scott Hannay: There was a lot of that last night. Just as an aside for Norm Miller, my wife used to work for you, and she has always spoken highly of you, as we were fortunate enough to get up to that part of the country. It eases my anxiety to put a face to the name, I guess.

Mr. Norm Miller: I'll speak to you afterwards.

Mr. Scott Hannay: You helped dig my car out one time, actually, too.

So to give a context to my point of view, I'd like you to know that I'm a co-owner of two independent pharmacies. My father was a community pharmacist, and I grew up learning by his example of providing excellent patient care.

Our stores serve an equal mix of retail customers and long-term-care-home residents. My days are pretty typical. I have my staff and myself set the example by helping customers—that's always the main focus. I don't get breaks or meals. I'm on call 24 hours a day, seven days a week for the homes or patients who need to reach me, and I do it all because I love pharmacy. I love the profession. It's something I thought I could do until I retire.

With that in mind, here are my comments, which I hope to follow up with some suggestions for going forward.

The first one is, pharmacists are a large group of dedicated individuals like myself. What is being proposed is a massive change in thinking for us. We've been given one side of the equation, which we see as all the bad stuff, and there's a vague indication of what will be added back in. We know that there will be a huge

shortfall in revenue, and that scares us. It scares us for ourselves, for our families, and it scares our staff as well. Everything we've known about running a successful business and differentiating ourselves through service seems to be off the table. We're still reeling from the regulation changes in 2006 and again in 2008, and they've already caused a steep decline in our profitability. We're somewhat in disbelief that the government, in a democratic and free society, can set rules to mandate how a private business operates. So we're worried and we're confused.

Then we see a publicity campaign by the government that pits us as the bad guys. If you think Ontario pays too much for generic drugs, doesn't it make sense for the government to acknowledge that they set both the purchase and retail prices of these drugs, and those prices are published on their website? The fact that we have received professional allowances from generic companies, we don't see as having anything to do with high prices. It comes from the manufacturer to us; if we didn't get it, they would have it. We don't feel there's anything abnormal, illegal or immoral in what was happening. We were doing what anyone in private business would do. It was good business.

In 2006, the government decided to legislate the amount of allowance flowing to pharmacies, and made a law that we had to justify that every dollar we received went toward patient care. It was a horrible and inefficient process. I was supposed to know that when I was counselling a patient on medication, that time could qualify. If I was calling their drug plan to sort it out, that time didn't qualify. If my technician was filling a dosette for compliance, that would qualify, but the delivery to the person's house wouldn't qualify. And twice a year, we had to tally all this up and come up with a figure that would meet or exceed that amount of allowance that we received or else, in theory, we could be fined or whatever the other consequences would be. It was a lot of effort, and I think any reasonable person who could see our side of things would see that it put an unreasonable onus on the pharmacists.

The minister, Deb Matthews, has repeatedly been quoted speaking of abuses in the system related to inaccuracies in this reporting and widespread unaccountability. My point is, it was a bad system and not bad people that led to the inaccuracies, and I'm pretty sure of this. I don't think you can separate out what is and isn't patient care in a community pharmacy. I don't think salaries, rent, utilities, inventory and even profit can be seen as not integral to providing patient care. I was thinking that until we have volunteer pharmacists working outside, it's all part and parcel of running the business. We know this, and we know that the government knows this, so it's frustrating when I see the tactic used of talking of abuses in media releases. It's just a point of frustration among my colleagues and me.

1710

I was encouraged that Minister Deb Matthews correctly said that "pharmacists want to provide" patient

"care to their patients, and if they are fairly compensated for that, then they will do that... Independent pharmacists are particularly well positioned to embrace the new model in Ontario. They have a closer relationship, typically, with their customers." That was letter she sent to the Ontario Pharmacists' Association.

Unfortunately, we have to balance this observation with the Premier's statement that it's not his "job to ensure the survival of smaller pharmacies" in Ontario. How is that supposed to make me feel? It's my life, and I hear the head of my province saying he isn't concerned that pharmacies like mine could close. How can anyone running a small business, which I believe to be the backbone of a vibrant economy, be sure that the Premier won't decide to regulate their industry? Certainly we pay more for pretty much everything than other provinces and the USA pay. It's expensive to do business here. I've yet to speak to anyone in business whose purchases aren't tied to some sort of rebate or loyalty program or volume discount—call it what you will.

To take it further, you could say that the Ontario government is the biggest purchaser, I'm sure, of a lot of things: food, gas, pens—you name it. I'm sure there'd be public support for the government to lower the price of those things, too, but I don't think it's the role of government in a free economy.

Pharmacists know that the high cost of drugs in the system is not the generics; it's not because of the professional allowance. We feel the government should be doing everything to support the use of generics and the generic companies that bring the less expensive medications to market.

Unfortunately, when a drug is genericized, its use falls off. The speaker—two ago—kind of stole my thunder with the drug Actonel. I did an analysis of one of my stores and, like you said, there was a new strength that came out. Starting last July, the new strength went from zero use to—last month I had 73 tablets dispensed. Over that same period of time, I went from 206 of the older strength down to just 55 last month. To sum it all up, in the prices he quoted, that one drug in my one pharmacy is costing the government an extra \$12,000 a year right now, because the drug was just genericized last week. What's unknown is how much of a rebate our government is getting from Procter and Gamble, the maker of Actonel. It might not be as big a savings as I'm saying or what I think it is; it's an unknown. But the difference between the price of the generic—which, under the new regulations, would go down to \$11—and the price of the new strength at \$45: I would hope that they negotiated at least a \$34 rebate for every tablet; otherwise they've done us all a disservice.

Those are my issues, and now I'm going to give some solutions that I think will make things better for me and hopefully some others. We need to see the other side of the equation. Without the professional allowance, how can we generate revenue to stay in business? We know about MedsCheck; we've tried to embrace it where possible. Based on an evaluation I did in my store, we'd

have to do one initial MedsCheck every half hour, eight hours a day for 125 days each year to make up for the shortfall in funding due to the proposed regulation changes. I'd have to do that without adding any extra salary.

The actual fee I collect from the government, on average, for an ODB prescription is \$4.10. This was based on our 2009 sales data. The break-even point for us is \$14, and the professional allowance is what makes up the difference there. We serve approximately 550 seniors in retirement homes in Kitchener, Waterloo, Hamilton and London. The demands from the homes and by the residents and the staff at the homes are no different than licensed long-term-care homes, but ODB reimburses us one third of the amount. The professional allowance makes up the rest. Elderly seniors in those homes use a disproportionately large percentage of generic drugs, as they're older and they've been on the drugs longer and those drugs tend to be generic. This has always made servicing retirement homes properly—giving them medication reviews, medication carts, computers, compliance packaging, audits, in-services for the staff—affordable and even profitable.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Scott Hannay: Okay.

Eliminating professional allowances on top of all that makes it difficult for me to predict what the outcome would be without it. You'd certainly see an increased demand in nursing time, and medication errors. If the retirement homes can't afford extra nursing time, it can increase costs for residents or push them towards placement into long-term-care homes.

The fact is that as they are run now, there's a lot of overlap in the type of resident in a retirement home and nursing home, and pharmacies should be encouraged to offer these people the service they need to stay out of long-term care.

There are a lot of people I see fall through the cracks in our welfare and support systems. My one pharmacy is a few doors down from a community outreach mental health clinic. The clinic has explained that their patients are at risk of non-compliance with their medications if they have to pay even a \$2 co-payment on drugs through the welfare or disability programs. We've agreed to waive the co-pay for these patients. We package their medications in dosettes, provide them free delivery, often multiple times because they tend to be transient and not home, on a weekly basis.

As it stands now, we likely do this at a financial loss. Under the system put in place in 2008, we get paid a fee twice a month for this service. If we decided to charge these people \$2 for prescriptions, they likely wouldn't pay and wouldn't take them. I'd like to take an educated guess that no other pharmacy would be lining up to provide these services under the proposed changes to the act.

I will stop there because I don't think I'll finish the rest. Thank you.

The Chair (Mr. Pat Hoy): Thank you very much for the presentation.

ONTARIO HOSPITAL ASSOCIATION

The Chair (Mr. Pat Hoy): Now I would call on the Ontario Hospital Association to come forward, please.

Good afternoon. You have 10 minutes for your presentation. If you'd just introduce yourselves first, and you can begin.

Ms. Janet Davidson: Thank you, Mr. Chairman. I am Janet Davidson. I am president and CEO of the Trillium Health Centre, but I'm also second vice-chair of the Ontario Hospital Association. This is Greg Shaw. He's the OHA's vice-president of strategic human resources management services.

Thank you for the opportunity to comment on Bill 16. As you know, Bill 16 includes a number of provisions that affect the health sector, including mental health. We've provided the clerk with a written submission that comments on these provisions, and we'll focus our oral presentation on the aspects of Bill 16 that address the compensation of hospital employees.

I'd like to state, though, for the record that the OHA strongly supports the government's pharmacy reforms. We believe that hospitals are likely to see a 15% to 20% drop in the cost of extended health premiums for their employees as a result of these reforms.

As you know, schedule 25 of Bill 16 would create the Public Sector Compensation Restraint to Protect Public Services Act, which effectively freezes current compensation plans for non-union public sector employees for two years. This group includes thousands of front-line health professionals such as laboratory and radiation technologists, as well as registered nurses at some hospitals. As drafted, Bill 16 specifically excludes employees who are represented by trade unions. Approximately 75% of hospital employees in Ontario are unionized.

The government of Ontario has stated that all existing collective agreements in the public sector will be honoured, and that as agreements are renegotiated, they will work with their transfer partners and bargaining agents to seek agreements of at least two years' duration with no net increase in total compensation. The government's fiscal plan does not contemplate compensation increases for future collective agreements.

The OHA supports the intent of Bill 16. Salaries and benefits constitute approximately 75% of hospitals' operating costs. We believe that a two-year pause in the growth of health sector salaries and benefits is a reasonable step as Ontario grapples with a \$21-billion deficit. Many hospitals have already implemented pay freezes for executive and management employees, so from a principles perspective, Bill 16 is consistent with those hospitals' actions.

However, we are very concerned that Bill 16 will create significant inequity between unionized and non-unionized hospital employees in the short term and possibly over the long term. I'll outline two actual examples of what I mean by this.

Markham Stouffville Hospital has two sites. Registered nurses are unionized at one site but not at the other. On April 1, 2010, the unionized registered nurses received a 3% increase in salary as per their collective agreement, and it is possible that they will receive another similar increase next year. Bill 16 would freeze the compensation for non-unionized nurses for two years, causing their wages to significantly fall behind their otherwise identical but unionized counterparts and creating an inequitable situation within the same employment category and within the same hospital.

1720

Mount Sinai Hospital has unionized lab techs, who, on April 1, received a 2.5% increase in salary. Bill 16 would cause a non-unionized equivalent to these lab techs—for example, radiation techs—to have their compensation frozen for two years. This example demonstrates how Bill 16 would create inequitable situations across similar professions within a particular hospital.

Bill 16, however unintentionally, could pose significant challenges to compensation equity within Ontario's hospital sector in the years ahead, and also to its smooth operation, unless ironclad certainty is provided that unionized salaries will be rebalanced against non-unionized salaries in the near future.

Greg?

Mr. Greg Shaw: Thank you, Janet.

For example, non-union professionals will be more likely to leave their current hospital to work in one where their job is unionized, thus avoiding the effect of Bill 16 while receiving union-negotiated wage increases.

I would like to note that at the Hospital For Sick Children, the legislation in its current draft has already played a major role in CUPE's drive to certify the hospital's non-union employees. The union has touted the fact that unionized employees are exempt from the legislation and are not subject to the two-year wage freeze. The vote to unionize or not is scheduled for tomorrow.

Hospitals may have difficulty recruiting new employees for non-unionized positions at lower rates of compensation than those offered at neighbouring, unionized hospitals, thus exacerbating existing hiring shortfalls.

Finally, managers who have had their compensation frozen—in some cases, prior to the introduction of Bill 16—could see their compensation actually fall below the level of their unionized employees.

At least one health sector union has already indicated that they're not prepared to accept a compensation freeze once their current contract expires. This fact, coupled with the hospitals' expected inability to pay higher compensation in the years ahead, has forced this union and the represented hospitals to binding arbitration. This pattern will likely be repeated as other agreements expire.

Hospitals are bound by the Hospital Labour Disputes Arbitration Act, or HLDAA, which places all disputed items arising during negotiations into the hands of third party arbitrators. While these arbitrators are required by

HLDAA to consider the ability of the employer to pay and possible reductions in services in rendering their decisions, history suggests that arbitrators are unlikely to pay sufficient credit to these criteria and typically do not provide concrete reasons for their decisions, as they're not compelled to do so.

The OHA believes that the goal of maintaining equity within and across hospital-based health care professions is very important and that there is more than one way to achieve this goal.

One way would be to amend Bill 16 to include all unionized hospital employees within its scope once their current collective agreements expire. This would ensure balance in compensation across the hospital sector and, in doing so, maintain equity for identical or similar employees. We recognize that this path is unlikely.

An alternative is to extend the life of the existing collective agreements with unionized hospital staff for a period of two years, with a freeze in total compensation over this period.

Another alternative is to amend HLDAA to clearly define the limits of an arbitrator's decision-making authority, especially with respect to the prevailing economic circumstances and the organization's ability to pay. For example, when a budget speech has clearly stated that funding will not flow where increases are negotiated, arbitrators should be required to sufficiently consider the HLDAA criteria, such as ability of the employer to pay and possible reduction of services, and provide detailed rationale for their decisions, at a minimum. This would strengthen the ability to achieve a contract that is equitable.

The OHA believes that HLDAA reform should proceed alone or in tandem with any other measures the government may take regarding Bill 16 or broader public sector compensation.

To conclude, the OHA supports the principles underpinning Bill 16. We're looking forward to working with the government as it explores the various options available to it in order to protect compensation equity amongst our valued health care professionals and to meet its other public policy goals.

That's the end of the submission. We'd be happy to answer any questions that you may have.

The Chair (Mr. Pat Hoy): Thank you very much for the presentation. We're not having questions at this point. We're trying to get through everyone here today. But we do appreciate your presentation very much.

Mr. Greg Shaw: Thanks very much.

LAW SOCIETY OF UPPER CANADA

The Chair (Mr. Pat Hoy): Now I call on the Law Society of Upper Canada to come forward. Good afternoon, everyone. You have 10 minutes for your presentation. If you have a speaking role, I would ask you to identify yourselves for our Hansard. You can begin.

Mr. Malcolm Heins: Good afternoon, Chair and committee members. Thank you for the opportunity to

discuss the Law Society Act and the amendments to it in Bill 16.

I'm Malcolm Heins, chief executive officer of the law society. With me I have Tom Heintzmann on my left, who is chair of the governance task force; Sheena Weir, on the far left, who is manager of government relations; and Jim Varro, who is our policy counsel at the law society.

Interjection.

Mr. Malcolm Heins: I was going to say this is not about drugs, generic or otherwise.

We license and regulate, at the law society, 41,000 lawyers and 3,000 paralegals in Ontario. In December 2009, convocation, the law society's board, approved reforms to our governance structure in response to what we thought was a need for increased effectiveness, transparency and accountability.

We're here today to thank the government for moving so promptly to implement the reforms through the amendments to the Law Society Act in Bill 16.

We believe that good governance of Ontario's lawyers and paralegals is key to the law society's successful and credible regulation of lawyers and paralegals so that the public has confidence in our work.

We consulted widely with respect to these reforms before debating them and recommending them to the government. Our consultations made it clear that we needed to make some changes to modernize our governance structure.

These amendments will assist us in being more efficient and effective, and exhibit responsive leadership now and in the future to both the public and our other stakeholders.

One of the key concerns about our governance structure was the size of our governing body. It was large and growing, particularly with respect to the unelected ex officio component, some of whom had voting rights.

Ex officio benchers, who are our directors, include former treasurers, who can vote at convocation, former attorneys general, and individual benchers or directors who had served 16 years and called themselves life benchers. We currently have 31 of those directors. By next year, we were going to have 41.

Our convocation size, our board size, which is currently 83, including those people, was going to move into the 90s. If we looked out a few years, we were going to be larger than the Ontario Legislature. We really felt we had to move and do something. Not that there's anything wrong with the size of the Ontario Legislature; we just didn't think we needed to be that big to regulate who we had to regulate.

The amendments that are contained in Bill 16 will end the office of ex officio bencher for the former treasurers, life benchers and former attorneys general. The core of convocation will then be its elected component, together with the eight lay benchers that are appointed by the Attorney General.

Over time what we will see happening is that even though we're going to grandparent the existing ex officio

benchers, who are the life benchers, former treasurers and attorneys general, those numbers will decrease so that we will return to what I would call a more normal size for a body of our type.

The other thing that we're doing is we're looking to impose a term limit on the elected benchers. I hesitate to say that in this room, but I think we have slightly different parameters when it comes to our governance.

Term limits are very common in regulatory bodies. Until now, we have not had one at the law society. We think it's important because it formalizes renewal of the board. It's an effective way for us to bring in new ideas, new people, and it provides for a regular introduction of new energy, new views and different skill sets. It also allows more people to participate. It's clear to us that those individuals who are incumbents have a significant advantage when it comes to our four-year election process, and we think we should allow, as I said, others to participate.

1730

I would conclude, before Mr. Heintzman makes his remarks, by saying that these reforms will allow us to focus on the governance of lawyers and paralegals in the public interest and fulfill our regulatory mandate. We strongly believe that it will make us more efficient, given the size reduction that will happen at our board of directors, or convocation, as we call it.

The act itself, which was amended just a couple of years ago, actually requires us to operate efficiently and transparently, and in fact our governance review was in view of that mandate under the act to look at our own governance structure. These are the recommendations that we've come forward with.

Again I want to thank the government for acting so quickly.

Mr. Thomas Heintzman: Thank you, Malcolm, and thank you to each and every one of you for having us here on this hot afternoon to talk about the amendments to the Law Society Act. My name is Tom Heintzman. I am a bencher, or director, of the law society and I'm here to represent convocation and the treasurer this afternoon. I am the chair of the governance task force, which has been bringing forth governance reform to the law society, something that I think all regulatory bodies have to go through and address on a periodic basis. I'd just like to talk to you for a few minutes about how we got here and the views of other legal organizations about the reforms that we're making.

First of all, how did we get here? We consulted broadly with the legal profession and among our fellow benchers for over three and a half years. We first had a workshop of our board of directors to make sure that we were getting their input and consultation. Having done that, we then consulted right across Ontario, from Thunder Bay to London to Ottawa, meeting with over 100 lawyers in that process, and paralegals as well, whom the law society now regulates. Thirdly, we spoke to key representatives of the legal profession who have an important view about how lawyers are regulated in Ontario.

That's the process that we followed. What we heard was that the law society did need to renew its governance, did have to pay attention to the voices out there that wanted to be heard in the law society and weren't being heard, and that we did have to make ourselves a more effective and efficient governing body.

That's what we've adopted. Convocation has approved those changes and we're here today to ensure that the Legislature has our views and can implement these reforms.

I also wanted to bring to your attention the views of other bodies within the legal profession about these reforms. They've been universally praised by other organizations. The Advocates' Society, which is the body of trial and appellate lawyers, supports these reforms. They've said that they support the progressive reforms set out in the recommendations. "They will modernize the law society's governance model and help to foster renewal and new ideas." That's an important voice in our profession.

The Ontario Bar Association, which represents lawyers—we're a regulatory body; they represent lawyers—has said, "As with many organizations over the past year, the law society has undertaken a much-needed governance review to ensure that it will continue to serve its members in the most relevant, appropriate and representative manner. Change, while sometimes challenging, is essential in all aspects of our profession, including the governance structure of its regulator." That's what the association representing Ontario lawyers has to say.

The County and District Law Presidents' Association represents the associations of legal organizations across the province. They've said, "We applaud the law society's adoption of key governance reform initiatives recommended by County and District Law Presidents' Association. Such changes introduce a framework for a more accountable and transparent self-regulatory legal industry in Ontario."

I'd like to close by echoing the words of our treasurer, who said, "These reforms demonstrate the law society's leadership as a modern regulator protecting the public interest."

Those are our submissions to you today and thank you very much for enabling us to be here.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

Committee, you can plan many things as Chair, but you cannot plan that the next presenter would not be here. We'll recess until they arrive.

The committee recessed from 1733 to 1739.

CARP

The Chair (Mr. Pat Hoy): The committee will now come back to order. Now that we're back to order again, we have our next presenter, CARP. I would ask you to identify yourself for the purposes of our recording, and then you will have 10 minutes for your presentation.

Ms. Susan Eng: Thank you very much, Mr. Chair. My name is Susan Eng. I'm vice-president, advocacy, for CARP. We have presented before. You will know that we have members across the country, of whom some 200,000 are here in Ontario.

We are in support of the government's proposals to eliminate professional allowances, represented in Bill 16, and the proposals elsewhere to regulate generic drug prices. We support these proposals because they are expected to reduce the cost of generic drugs for everyone, including seniors, whose drugs are covered under the Ontario drug benefit plan. We believe that the changes will expand professional services provided by pharmacists, which will now be covered by the province. With the savings, we expect that there will be new drugs put on the formulary that will, again, assist our members.

Some of our members and others have been told that their pharmacy services will be cut or that they will have to pay for them. They are understandably confused and upset by these messages, which may be found in ads purchased by the pharmacists and on behalf of the pharmacists and drugstore chains as well as in notices sent home with the patients.

The province has announced that many of those services that are being threatened will, in fact, be compensated for on the basis of direct billing by the pharmacists, and that there is therefore an opportunity for them to recoup some or most of the money that will be lost to the rebates. We understand that this will not be the case for pharmacists who are not providing such services or who do not intend to provide such services.

We've also heard from pharmacists, including one or two who happen to be CARP members, who believe that eliminating the professional allowances will force them to cut services or even to go out of business. They take no account of the promise to compensate for the professional services that they say they provide. This is not surprising, since the messaging from those opposing the generic drug pricing proposals has not mentioned this compensation for professional services. We've raised with the Ministry of Health the need to be more forthcoming and more precise about the professional services and, of course, the amount that they will pay for them, especially as they have set specific dates for the cuts but have not brought forward any definitive proposals for the compensation.

Further, we have heard from the pharmacists, and we would certainly support some special consideration for the truly independent pharmacists who are taking the business risks themselves, especially those in under-served areas, where a number of our members live, including ensuring that the compensation structure provided for them will permit them to maintain a reasonable level of service for their patients.

We're supportive of reasonable charges for professional services actually provided, and we'll continue to press for more urgency in providing the detail of the proposals as well as the special consideration.

The reduction in drug prices, whether generics or brand name, will benefit our members and other patients,

and CARP will continue to resist attempts to pressure them with incomplete information or misdirected advocacy.

As members who have seen me come before you before will know, I rarely come without a poll. We did, in fact, do a poll on the generic pricing proposals. We were quite detailed, and I have included that in the package that I've left with you. Just to make it clear, the poll goes across Canada, and we teased out the Ontario numbers so that they would be directly relevant here, but I can tell you that the trend lines are exactly identical. People in other provinces recognize that these changes may come to their province, and their responses to the questions are identical, if not—the people in Ontario are a little bit more emphatic in their support for the proposals.

You will find, as you look through it, that:

—92% agree with eliminating the rebates;

—60% agree very strongly;

—85% do not like the idea of generic drug companies paying the rebates at all;

—70% agree with the government that rebates inflate drug prices, versus 6% who buy the pharmacies' arguments that they will have to close stores, cut hours or charge for delivery and consultations;

—90% approve of the plan to ban rebates in both the public and private market;

—76% think it is fair to use the savings to pay for consulting and other services actually provided by the pharmacists and to support rural pharmacies;

—76% blame the drugstore chains for threats to close the stores and to cut services, and so far they make a clear distinction between the drugstore chains and the pharmacists themselves—only 9% blame the pharmacists for these problems;

—90% say the drugstore chains are being hypocritical when they say that vital services will have to be cut, because they know very well that consulting services were being covered by the rebates and are now still proposed to be compensated for, but based on proof that actual services were provided;

—89% say the government has no responsibility to guarantee the profit levels of the drugstores;

—77% support the government regulating drug prices for all consumers, not just those on the public health plans.

The interesting thing, however, is the issue of the free services that the messaging has been saying will be cut. Only 19% of our members, and they live across the

country and in rural areas as well as the major cities, say they use these services at all, and 81% say they rarely or never use them. Of the list of services that could be covered, the medicine reviews had the most support, at 52%.

That's a flavour of what our members are thinking about the proposal, in fairly significant detail, with full knowledge in front of them. Some 2,100 people responded to this poll, most of them overnight. This issue has gathered a lot of knowledge and a lot of focus in Ontario, as you can well imagine, but clearly, from the point of view of supporting our members and other patients, the net reduction in costs finds full favour with them.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Susan Eng: Thank you for your attention.

The Chair (Mr. Pat Hoy): I was advised during the recess that Mr. Murray had a couple of questions for research, so if you want to put those?

Mr. Glen R. Murray: Just a couple of things that came up.

One of the issues that came up from about five delegations, if I was keeping track, was that a pharmaceutical product was being reissued at a higher strength that had some significant implications for the cost of generics or their re-branding of it. I was wondering if we could get some information that would describe that to us and what, in fact, is happening.

The second issue that I would like some information on is the \$14 dispensing fee real number. It seems to me, having grown up in a family that was a manufacturer's agent that supplied pharmacies with all kinds of supplies for 30 years, that it's a rather abstract idea in the sense that \$14 depends on what the volume of your business is and how much drug dispensing you do and what percentage—how reliant you are on it. A small pharmacy that may do 10 a day is different than a Shoppers Drug Mart that does several hundred. I'm just wondering if we could actually get an analysis, a more sophisticated breakdown of what real dispensing fees are, if that information is available.

I'll put a proviso on it: I realize that those are more complex questions. If there is research on that, that would, I think, be good for the committee to have. If it's not possible, I would certainly understand that as well.

The Chair (Mr. Pat Hoy): Okay, thank you.

If there's no other business, we are adjourned.

The committee adjourned at 1748.

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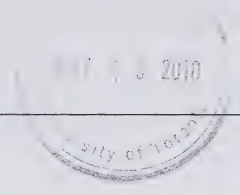
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Second Session, 39th Parliament

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(Hansard)**

**Journal
des débats
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Thursday 6 May 2010

Jeudi 6 mai 2010

**Standing Committee on
Finance and Economic Affairs**

**Comité permanent des finances
et des affaires économiques**

**Creating the Foundation
for Jobs and Growth Act, 2010**

**Loi de 2010 posant les fondations
de l'emploi et de la croissance**

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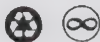
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 6 May 2010

Jeudi 6 mai 2010

*The committee met at 0901 in room 151.*CREATING THE FOUNDATION
FOR JOBS AND GROWTH ACT, 2010LOI DE 2010 POSANT LES FONDATIONS
DE L'EMPLOI ET DE LA CROISSANCE

Consideration of Bill 16, An Act to implement 2010 Budget measures and to enact or amend various Acts /
Projet de loi 16, Loi mettant en oeuvre certaines mesures énoncées dans le Budget de 2010 et édictant ou modifiant diverses lois.

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We're here for clause-by-clause consideration of Bill 16. Is there any opening discussion? Mr. Miller.

Mr. Norm Miller: Mr. Chair, I'd just like to highlight the flawed process this government is taking with this very important budget bill. It contains some 31 schedules and of course it's been time-allocated, which limits what the committee can do. It's also an extremely tight time frame.

I would just like to highlight the fact that a major partner of government, AMO, the Association of Municipalities of Ontario, submitted comments on the bill that in fact came in after the deadline for comments—and after the deadline for amendments to the bill as well—with very serious concerns as to how this bill will affect municipalities and their costs, particularly as they relate to insurance. That was just one aspect of one schedule of this bill that they managed to catch.

I just would like to point out the flawed process that we are undertaking and raise the spectre that there may be many more things in this bill that the opposition and other interested parties are not aware of, or how it will affect them around the province.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Arthurs.

Mr. Wayne Arthurs: I appreciate the opposition's perspective. This is not unique to legislation, to have it time-allocated. The budget process is a long process, a comprehensive process. We may not always agree on the outcomes.

I do appreciate particularly, though, his comments with respect to AMO. It's a matter that has been raised. There have been some discussions during the past week.

I think it's probably our collective intention to try to resolve that matter during the course of this morning's and this afternoon's deliberations by dealing with a couple of sections of the legislation that impact on the AMO submission.

Mr. Norm Miller: I would just like to say that, certainly in comparison to other jurisdictions, when you look at the budget as being the biggest, single most important part of the government's business in the year—it affects all ministries; it affects expenditures and revenue. When you look at other jurisdictions and compare what Ontario does, for example, with some of the American states, where they spend half their legislative year deliberating on budgets, this is certainly going the other way to the extreme. We had five hours for public hearings, which were mainly pharmacists coming before us because they became aware of some very serious changes in the budget that will affect their ability to do business and provide health services in the province; five hours and then just one day, with very tight restrictions on the process, for clause-by-clause.

I simply say that if the government was truly interested in making a better bill and improving it, they would have allowed a little more time and flexibility in the process so that those affected individuals, parties and businesses could become aware of the budget and make some positive suggestions for improving it.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, we'll move into clause-by-clause.

I wonder, can we get agreement to stand down section 1, section 2 and section 3 until we finish with the schedules? All in favour? Agreed.

There are no amendments to schedule 1, sections 1 to 13. Shall those sections carry? Carried.

Shall schedule 1 carry? Carried.

There are no amendments to schedule 2, sections 1 to 3. Shall schedule 2, sections 1 to 3, carry? Carried.

Shall schedule 2 carry? Carried.

There are no amendments to schedule 3, sections 1 through 2. Shall they carry? Carried.

Shall schedule 3 carry? Carried.

Now, then, we have no amendments to schedule 4, sections 1 through 2. Shall they carry? Carried.

Shall schedule 4 carry?

We do have an amendment to schedule 5, section 1. It is a PC motion. Mr. Miller, if you'd read it for the record.

Mr. Norm Miller: Certainly. Thank you. I move that section 1 of schedule 5 to the bill be amended by adding the following subsection:

"(10.1) Section 12.1 of the Drug Interchangeability and Dispensing Fee Act is amended by adding the following subsection:

"Transition re professional allowances

"(2.1) If, immediately before this subsection comes into force, a manufacturer provides professional allowances for interchangeable products to wholesalers, operators of pharmacies, or companies that own, operate or franchise pharmacies, or to their directors, officers, employees or agents, the manufacturer shall phase out the professional allowances within five years after this subsection comes into force."

The Chair (Mr. Pat Hoy): Comment?

Mr. Norm Miller: Yes. If I may add some comments: We heard mainly in our five hours of public hearings from many small pharmacists who are concerned about the rapid change that the government is bringing to their business and the effect that will have on their ability to provide front-line health services to seniors and to families who depend on them. Pharmacists have requested a phase-in period, and part of the rationale is that the regulations immediately drop the price of generic medications. Pharmacists must purchase the medications first and then sell them. These medications come with a price, and the drop in prices overnight means the entire generic inventory will be sold at a loss. There needs to be a process to allow pharmacists to adapt to this new model. There needs to be a phase-in where they can obtain lower-cost inventory.

We also had generic wholesalers arguing for a phase-in. I recall that there was one that had, I think, 70 employees in your riding, Mr. Chair. They talked about how this sudden loss of income by the pharmacy retailers increases the wholesalers' risk of bad debt. McKesson Canada noted that it provides, on an ongoing basis, through extended payment terms, about \$300 million of credit to pharmacies across the province. There's a real possibility that a number of pharmacies may go out of business because of the sudden changes, and pharmacies that go out of business leave their creditors unpaid.

Wholesalers extend a significant amount—\$150,000—of credit to each pharmacy. For every pharmacy that goes bankrupt, they must make \$1 million in new sales to make up for the loss, due to the extremely low margins. Also, to mitigate the risk of bad debt, they are forced to tighten the available credit to pharmacies, further exacerbating the financial pressure that they will face.

0910

The generic wholesalers also supported the phase-in of professional allowances, but this comes down to making a sudden change that would dramatically affect the ability, particularly of small, independent pharmacies that are often located in rural and northern areas or small towns, to deliver the front-line health care services that families and seniors depend upon, whether it's providing guidance in terms of chronic conditions like diabetes

monitoring or taking the time with a senior to look through the various drugs they are using, to provide guidance and, in many cases, to suggest drugs that are unnecessary, thereby saving the health care system.

By having such a sudden change, it does put at risk these small pharmacies.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Arthurs.

Mr. Wayne Arthurs: As I understand this particular amendment, it would deal with those generic drugs that are being purchased in what I'll call the private realm, individually or through extended health benefits, as opposed to those being purchased in the public realm, with the Ontario drug benefit as the example.

The regulations that are out for comment at this time include a phase-in period for the elimination of the professional allowances. I believe that proposal is for a period of up to four years. So there's not an immediate impact. Subject to the regs, the impact will be extended over a four-year period for those matters dealing with those generic drugs purchased in the private realm as opposed to the public realm. This deals with those in the private realm, so we're satisfied that the regulatory process that's in place will provide for that phase-in over a four-year period, and thus we will not be supporting the opposition amendment.

Mr. Norm Miller: A recorded vote, please.

The Chair (Mr. Pat Hoy): Mr. Tabuns?

Mr. Peter Tabuns: Could I just have some clarity? Maybe I don't understand the mechanism. You're saying you have a proposed four-year phase-in for the private plans. What about the public plans?

Mr. Wayne Arthurs: The public plan, I think, is addressed in another amendment that will be brought forward a little bit later. In the public realm, the elimination of those professional allowances, for all practical purposes, will be immediate.

Mr. Peter Tabuns: That will be addressed in a separate—

Mr. Wayne Arthurs: Amendment.

Mr. Peter Tabuns: Fine.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, a recorded vote is requested.

Ayes

Norm Miller.

Nays

Albanese, Arthurs, Flynn, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Mr. Norm Miller: Mr. Chair, I have another amendment to do with this section that I'd like to do verbally and pass on to you—I have it in written form as well—as recommended by the small pharmacies and the pharmacy association.

Interjection.

Mr. Norm Miller: Sorry, your timelines are impossible.

The Chair (Mr. Pat Hoy): “The deadline for filing amendments to the bill with the clerk of the committee shall be 12 noon, Tuesday, May 4, 2010.”

Mr. Norm Miller: I know that’s your draconian time-allocation motion. However, normally that’s for administrative purposes and you’re still allowed to do verbal amendments, and I do have a verbal amendment and it’s in written form as well.

The Chair (Mr. Pat Hoy): With time allocation, it is a firm timeline.

Mr. Norm Miller: There go your inflexible procedures again. Thank you, Mr. Chair.

The Chair (Mr. Pat Hoy): We’re guided by the House in these matters.

The motion was lost.

Shall schedule 5, section 1, carry? Carried.

Shall schedule 5, section 2, carry? Carried.

Shall schedule 5 carry? Carried.

There are no amendments to schedule 6, sections 1 through 13, inclusive. Shall they carry? Carried.

Shall schedule 6 carry? Carried.

There are no amendments to schedule 7, sections 1 through 23. Shall they carry? Carried.

Shall schedule 7 carry? Carried.

Schedule 8: There are no amendments to sections 1 to 2, inclusive. Shall sections 1 and 2 carry? Carried.

Shall schedule 8 carry? Carried.

Schedule 9: There are no amendments to sections 1 to 2. Shall they carry? Carried.

Shall schedule 9 carry? Carried.

Now we come to schedule 10. Mr. Miller?

Mr. Norm Miller: Section 10 is, I believe, one of the sections that the Association of Municipalities of Ontario has written about after the deadline, concerned about the transfer of OHIP and related costs to municipalities through the change proposed that will drastically affect their insurance premiums.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Flynn.

Mr. Kevin Daniel Flynn: I was at a meeting last night with a group of municipal leaders, including my own Mayor Burton and some other members of Oakville council, who raised this issue as well. Certainly, there’s a willingness on the government side to take a second look at this. That’s one I’d support. When municipal leaders bring forward points like this, we should pay attention to them. This gives us an opportunity to take a second look at the concerns that are being raised.

If there’s a mechanism for us to do that this morning, I’d seek your guidance or that of the clerk’s on how that might be accomplished.

Mr. Wayne Arthurs: Just a quick comment: The government members, I believe, will be voting against schedule 10. That’s how we will deal with that for this morning.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Norm Miller: Recorded vote, please.

The Chair (Mr. Pat Hoy): Shall schedule 10, section 1, carry?

Mr. Norm Miller: Maybe I could just ask for clarification as to which part of it—are you voting against the entire schedule 10, or which is the pertinent part of it?

Mr. Wayne Arthurs: That’s the only provision in schedule 10.

Mr. Norm Miller: Yes, okay. Thank you.

Nays

Albanese, Arthurs, Flynn, Norm Miller, Murray, Sousa, Tabuns.

The Chair (Mr. Pat Hoy): The section is lost.

Now we’re at schedule 10, section 2.

Mr. Norm Miller: Recorded vote.

Nays

Albanese, Arthurs, Flynn, Norm Miller, Murray, Sousa, Tabuns.

The Chair (Mr. Pat Hoy): The motion is lost.

Shall schedule 10 carry?

Mr. Wayne Arthurs: Carried—no.

The Chair (Mr. Pat Hoy): No. It did not carry.

Schedule 11: Sections 1, 2, 3 and 4 have no amendments. All in favour? Carried.

Shall schedule 11 carry? All in favour? Carried.

Schedule 12, sections 1 through—

Mr. Norm Miller: I believe that’s another schedule that AMO was concerned about, on the same issues. Perhaps the government has something to tell us about that as well.

0920

Mr. Wayne Arthurs: As we understand it, through the consultations with AMO, that clause 2—and we’re in agreement that clause 2 is the problematic clause, which is on the second page of the schedule. So it would be the government’s intention to vote against clause 267.8, as identified on page 2 of the schedule—but would be supporting the other portions of the schedule. We just seek advice, as well, from the Chair on breaking down the schedule such that we can deal independently with clauses.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Norm Miller: Just, as the parliamentary assistant has asked, that there be clarity about how that section is voted upon.

The Chair (Mr. Pat Hoy): If members don’t want a section to carry, they would vote against it.

Mr. Norm Miller: Thank you. That’s very good advice.

The Chair (Mr. Pat Hoy): Mr. Flynn, you had a comment?

Mr. Kevin Daniel Flynn: Here again, this concern was raised by the members of Oakville council last night

at a meeting, and I understand that we've all received something from AMO. When we get the opportunity like this, when we receive some good advice, I think it's timely to take a pause and make sure that we get this right.

I will not be voting for this, and I just want that put on the record. I want to thank the mayor and the council of Oakville for bringing this to my attention.

Mr. Norm Miller: Mr. Flynn has pointed out why the whole process is flawed. We've just passed nine schedules of the bill—more than that, actually—and I would simply point out: What other details are people going to be learning about tomorrow, after this committee is done deliberating? What was in the lands agreement 1966 act that was just passed, for example, that those intimately involved would discover after it's too late?

The Chair (Mr. Pat Hoy): Are we ready for the question? On schedule 12, section 1, all in favour? Carried.

Now we'll do schedule 12, section 2. All in favour? Opposed? That's lost.

Schedule 12, section 3: All in favour? Carried.

Shall schedule 12, as amended, carry? All in favour? Carried.

We have no amendments for schedule 13, sections 1 through 8 inclusive. Shall they carry? Carried.

Shall schedule 13 carry? Carried?

Schedule 14: There are no amendments to sections 1 through 2. Shall they carry? Carried.

Shall schedule 14 carry? Carried.

There are no amendments to schedule 15, sections 1 through 2, inclusive. Shall they carry? Carried.

Shall schedule 15 carry? Carried.

We do have an amendment here. Look in your package. Page 2: PC motion, Mr. Miller.

Mr. Norm Miller: I move that clause 39(1)(a) of the Local Health System Integration Act, 2006, as set out in section 1 of schedule 16 to the bill, be struck out and the following substituted:

“(a) begin a comprehensive review of this act and the regulations made under it no later than September 1, 2010; and”

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: As you know, the Local Health System Integration Act, 2006, had a requirement that there was to be a review of the local health integration networks by March 28, 2010. As we know, that time has now passed, and there was no review. So this amendment would give the government more time to be able to begin that review of the local health integration networks, and the date that they would need to begin by is September 1, 2010.

We certainly know that the local health integration networks are playing a key role in health care in the province. They're spending a lot of money. In the interests of transparency and accountability, the PC Party believes that this review should begin sooner, not later. Ideally, it should have occurred when the government

stated it would have occurred by, and that was March 28, 2010.

Through freedom of information, we have uncovered untended contracts that have been entered into by the local health integration networks. We've seen a huge spike in the salaries over \$100,000 being paid by those involved in the local health integration networks. We have precious health care dollars that are needed around the province and unlimited demands, really, on health care services, so it's an important area that does need to be reviewed. In the case of one of the two LHINs that cover my riding, the North East LHIN, the CEO running it is making a substantial amount of money—\$260,000, I believe.

The government needs to review this new form of mid-level health bureaucracy to determine if we're getting good value for the money and to make sure that they're doing what they were intended to do.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Arthurs.

Mr. Wayne Arthurs: There's no question that the government has proposed a delay in the review of the LHINs, or a review of the Local Health System Integration Act, 2006. This is principally to allow sufficient time for the LHINs to enter into long-term-care service accountability agreements, referred to as LSAAAs, in the long-term-care sector, and for the long-term-care homes to implement some of the major system changes that are required for the Long-Term Care Homes Act, 2007.

This particular act doesn't come into force until July 1, 2010. Both the Ontario Long Term Care Association and the Ontario Association of Non-Profit Homes and Services for Seniors—together they represent almost all long-term-care homes—support the government's amendment to the time frame for the purposes of the review of the Local Health System Integration Act.

The government won't be supporting this motion. Principally, the advised timelines are to provide opportunities for the long-term-care sector to be able to get their legislation in place and implement, and work with the LHINs in that regard before that review starts.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Norm Miller: I would just simply say that it has been four years. When the bill was introduced four years ago, in 2006, obviously, the government thought that they would be able to have things in place and running and that a review would be conducted by March 28, 2010, or you wouldn't have put that timeline into the bill at that time.

I think it's quite reasonable. This amendment is not even saying it has to be completed by then. It has to be started no later than September 1, 2010, so it still leaves the government time to complete the actual review.

Perhaps the parliamentary assistant could say what the timeline is that is planned by the government. From what I understand, it's not going to be completed until after the next election, after October 6, 2011. In terms of accountability, we're held most to account at election time, so it

would seem to me that a review before the election, with a report, is important.

The Chair (Mr. Pat Hoy): Mr. Arthurs?

Mr. Wayne Arthurs: Let me just first say that I think the member opposite is correct in the context: When government set the legislation out with a review period, there was a desire at that point in time to see the LHINs fully in place to the point that that review could occur.

The long-term-care sector is a significant sector of our LHIN function and a significant sector of our communities. They have new legislation. Those organizations that represent the vast majority—almost all—of long-term-care homes support the government's initiative to extend the time frame before the review occurs, and the review is scheduled for July 1, 2012.

0930

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Norm Miller: July 1, 2012, as I've pointed out, is after the next election, thereby not allowing the people of the province to know about the effects of the monies spent at the LHINs until after the election, so not providing the proper accountability for them.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Wayne Arthurs: From the government-side perspective, what's important to us is to ensure that the long-term-care sector has the opportunity to do the implementation under the legislation and that in the review process we have the appropriate and adequate information regarding the entire LHIN sector at that point in time. It's perceived that that time frame into July 2012 as a starting point is the right time to begin the review.

Mr. Norm Miller: To begin the review? I'm sorry; that's when you're going to begin the review? You won't be completed by July 1, 2012.

Mr. Wayne Arthurs: Correct.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Opposed? The motion is lost.

Shall schedule 16, section 1, carry? Carried.

Shall schedule 16, section 2, carry? Carried.

Shall schedule 16 carry? Carried.

There are no amendments to schedule 17, sections 1 through 4. Shall they carry, inclusive? Carried.

Shall schedule 17 carry? Carried.

There's an amendment to schedule 18, I think it's 3 in your packet, a government motion. Mr. Arthurs.

Mr. Wayne Arthurs: I move that subsection 33.1(5) of the Mental Health Act, as set out in section 1 of schedule 18 to the bill, be struck out and the following substituted:

"Exception

"(5) Clause (4)(e) does not apply in any of the following circumstances:

"1. If a rights adviser has made best efforts to locate the person subject to the order, the person could not be located and the rights adviser so informs the physician.

"2. If the person subject to the order refuses to consult with a rights adviser and the rights adviser so informs the physician.

"3. If, for the renewal of the order, the public guardian and trustee is the substitute decision-maker for the person subject to the order."

The Chair (Mr. Pat Hoy): Any comment? Mr. Flynn.

Mr. Kevin Daniel Flynn: I can bring to the committee's attention that the issues surrounding this issue, the more global issue, has been the subject of some discussion at the all-party Select Committee on Mental Health and Addictions. Certainly, what I think is being proposed is a good balance between the rights of the patient, or the person involved who may be the subject of a community treatment order, society at large, the physician and the people who are the involved as a rights adviser or the public guardian and trustee. I think this brings some good balance to it.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Miller.

Mr. Norm Miller: Perhaps there's an expert who could explain how this amendment is changing what is currently in the bill.

The Chair (Mr. Pat Hoy): If you'd just state your name before you begin.

Ms. Diana Schell: My name is Diana Schell. I'm legal counsel at the Ministry of Health and Long-Term Care.

Mr. Miller, the change that's being made in this motion would be to require that the public guardian and trustee continue to get rights advice on the issuance of a community treatment order, but not for renewals.

Mr. Norm Miller: Okay. I know that there was at least one group that came before the committee that made that request. In fact, the opposition was working on an amendment to further that request. Thank you for that explanation.

Ms. Diana Schell: Thank you, sir.

The Chair (Mr. Pat Hoy): Any other comments? Hearing none—

Mr. Norm Miller: Recorded vote.

Ayes

Albanese, Arthurs, Flynn, Norm Miller, Murray, Sousa, Tabuns.

The Chair (Mr. Pat Hoy): The motion is carried.

Shall schedule 18, section 2, carry? Carried.

We'll go back to where we had the previous motion carry. Shall schedule 18, section 1, as amended, carry? Carried.

Shall schedule 18, section 3, carry? Carried.

Now we have another motion, a government motion on page 4 in your packet. Mr. Arthurs.

Mr. Wayne Arthurs: I move that clause 39.2(10)(a) of the Mental Health Act, as set out in section 4 of schedule 18 to the bill, be amended by striking out "provide for the person's care and treatment" at the end and substituting "provide for the patient's care and treatment."

Just very briefly: It's simply technical. It changes the reference from "person" to "patient." It's a drafting error.

The Chair (Mr. Pat Hoy): Any comment further to that? I'll put the question. All in favour? Opposed? It's carried.

Shall schedule 18, section 4, as amended, carry? Carried.

Shall schedule 18, section 5, carry? Carried.

Shall schedule 18, section 6, carry? Carried.

Shall schedule 18, as amended, carry? Carried.

Schedule 19, the PC motion: Mr. Miller.

Mr. Norm Miller: I move that schedule 19 to the bill be amended by adding the following section:

"0.1 The Ministry of Revenue Act is amended by adding the following section:

"Transfer of employees to Canada Revenue Agency

"6.2 A person who ceases to be employed in the ministry or in the Ministry of Finance is deemed not to have been dismissed under section 39 of the Public Service of Ontario Act, 2006 if he or she becomes an employee of the Canada Revenue Agency by accepting an offer of employment in connection with the Comprehensive Integrated Tax Coordination Agreement referred to in section 50 of the Retail Sales Tax Act."

The Chair (Mr. Pat Hoy): For the committee members, I would rule that this amendment is out of order as it is beyond the scope of the bill. The subject matter is not dealt with in any of the schedules to the bill as introduced.

Mr. Norm Miller: If I may just comment. Dalton McGuinty had previously said that—

The Chair (Mr. Pat Hoy): Mr. Miller, there's no debate permitted on a decision of the Chair.

Mr. Norm Miller: Mr. Chair, can I appeal your decision?

The Chair (Mr. Pat Hoy): Yes.

Mr. Norm Miller: I can appeal your decision to the House? Under standing order 121(b), "If the majority of the members of a standing or select committee appeal the decision of the Chair of the committee to the Speaker, the Chair shall at the next meeting of the House present a report which accurately states the matter on which the Chair decided, the arguments raised by members of the committee and the decision made by the Chair, and the Speaker shall confirm or vary any decision of the Chair."

The Chair (Mr. Pat Hoy): Shall the Chair's ruling be appealed to the Speaker?

Mr. Norm Miller: Is there any debate on this?

The Chair (Mr. Pat Hoy): There is no debate.

Mr. Norm Miller: There's no debate

Mr. Norm Miller: I'd just like to point out that—

The Chair (Mr. Pat Hoy): I'll put the question. Shall the Chair's ruling be appealed to the Speaker? All in favour? Opposed? The motion is lost.

We will move on. Shall schedule 19, section 1, carry? Carried.

Shall schedule 19, section 2, carry? Carried.

Shall schedule 19 carry? Schedule 19 carries.

There are no amendments to schedule 20, sections 1 through 3, inclusive. Shall they carry? Carried.

Shall schedule 20 carry? Carried.

Schedule 21: There are no amendments from sections 1 through 13, inclusive. Shall they carry? Carried.

Shall schedule 21 carry? Carried.

Now, 22; we have a PC motion. Mr. Miller.

0940

Mr. Norm Miller: I move that section 1 of schedule 22 to the bill be amended by adding the following subsection:

"1 (0.1) Section 11.5 of the Ontario Drug Benefit Act is amended by adding the following subsection:

"Transition re professional allowances

"(2.1) If, immediately before this subsection comes into force, a manufacturer provides professional allowances for listed drug products or listed substances to wholesalers, operators of pharmacies, or companies that own, operate or franchise pharmacies, or to their directors, officers, employees or agents, the manufacturer shall phase out the professional allowances within five years after this subsection comes into force."

Again, this is to do with the pharmacists and the sudden changes proposed by the government to their way of doing business and their ability to cope with that sudden change so that they'll be able to continue to provide the front-line health care services that seniors and families depend on.

The thought behind this amendment is to provide a five-year transition, as was asked for by the many small independent pharmacies that came before the committee in the five hours of public hearings that were held so that they would have more time to be able to adjust their business model and to work with the government. They certainly expressed an interest, in their comments to the committee, about being in favour of lower generic drug prices and of doing away with the current model of professional allowances.

I know that many of the pharmacists who came before the committee pointed out the archaic system the government has in place and the fact that the government, just a couple of years ago, passed a bill that supported professional allowances. That's the business model they've been operating under—a crazy one in which it costs them \$14 to dispense a drug that they're paid \$7 for on the Ontario drug benefit plan part of it.

I know that many of them made suggestions and showed a willingness to work with the government. This five years would allow them the time to work with the government to come up with savings for the health system in general, but it would also allow them to continue to be able to stay in business and provide front-line health care services and advice to seniors and families around the province.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Arthurs.

Mr. Wayne Arthurs: As I mentioned earlier, this particular amendment deals with the public sector, the public-dollar component of the professional allowance. It

is the government's intention to eliminate those professional allowances imminently. I don't know the exact date—I'm going to suggest mid-month, but I don't have the date in front of me—so for all practical purposes, immediately. I don't believe the government members will be supporting a provision that would extend that for a five-year period.

We are paying too much for generic drugs in Ontario. I think there's pretty common agreement that the professional allowances need to go. The difference that we're having across the floor today is on whether that should happen immediately for the publicly supported drugs or whether it should be extended over a period of time of some five years.

It would be the government's position that we should act on this at this point in time, and thus we'll not be supporting the amendment.

The Chair (Mr. Pat Hoy): Mr. Miller.

Mr. Norm Miller: Much in the way this committee is rushing through its business, it's also rushing in this change that would dramatically affect the provision of front-line health care services in small-town Ontario and rural and northern Ontario, and affect the very viability of small pharmacies across the province. This provision is to provide a little time to those pharmacies, which are working under the model the government set up with its last drug bill, which I believe was Bill 102, which set rules to do with professional allowances.

They want to work with the government to do away with professional allowances over time, to lower generic drug prices, but still to be able to continue to provide the services that they do provide and the services that the province values so much.

The Chair (Mr. Pat Hoy): Mr. Tabuns.

Mr. Peter Tabuns: Mr. Chair, it came out in a number of presentations to us that pharmacists didn't like the way the current system worked. They consistently called for an end to professional allowances, but they wanted to have an accommodation with the government that didn't put them into a crisis at the point at which they were terminated. People came here saying that they would have stock that they had bought at a higher price that they would have to sell at a lower price, putting them into a lot of difficulty.

You don't have in place the systems to compensate pharmacies for the services that they might provide. You are asking to give yourself an awful lot of rope on this legislation, and you may well not only hang yourselves but also hang a lot of pharmacists.

I'm not going to support this resolution. We've supported the end of professional allowances. What we felt was critical was a process of negotiation with the pharmacies that allowed both the government and the pharmacy sector to come out with a program, an approach, that would allow everyone to save a lot of money and benefit the public as a whole.

I'll point out to you, Mr. Arthurs, that when Dr. Charles Hastings in Toronto first brought in pasteurization at the beginning of the 20th century, he got a

resolution through city council to bring in pasteurization but, in meetings with the farmers who would have to pasteurize their milk, actually gave several months of transition, notwithstanding the health issues at play, so that the farmers could actually implement the change in an orderly way. I say to you, because you will have the regulatory power and the negotiating power, it is a lot better to have a transparent system of payment for services than the professional allowances, but if you don't have that in place and you don't allow for losses to these pharmacies, you will cause quite a lot of damage. It'll be on your hands and it'll be on your head.

I understand the purpose of the amendment. Five years seems an awfully long transition time to me, but you, having this statutory power, are going to have to, I think, re-look at how you deal with pharmacies unless you want to have a very ugly situation in this province.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Arthurs.

Mr. Wayne Arthurs: Chair, I'll just make a couple of very quick points, the first being that the savings that are being projected at this point in time are intended to be, obviously, reinvested in the system for access to drugs that might not otherwise be available as well as supporting pharmacists, particularly in smaller-town and rural pharmacies where access isn't as ready. Some of the provisions are to accomplish that.

The issue of the phase-in, I think we dealt in part with that in our first amendment. I don't want to rehash things, but when a significant amount of the activity is on the private side, as opposed to the public side, there are provisions there for phase-in to occur. So there is some balance.

I appreciate the comments that are being made. We know that change of this nature is substantive and that there will be considered and continual debate. I know the minister looks forward to the opportunity to sit down with the appropriate associations to be able to have that direct conversation, which I guess hasn't occurred quite yet.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Norm Miller: Recorded vote, please.

Ayes

Norm Miller.

Nays

Albanese, Arthurs, Flynn, Murray, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Shall schedule 22, section 1, carry? Carried.

Shall schedule 22, section 2, carry? Carried.

Shall schedule 22, section 3, carry? Carried.

Shall schedule 22 carry? Carried.

There are no amendments to schedule 23, sections 1 through 4, inclusive. Shall they carry? Carried.

Shall schedule 23 carry? Carried.

There are no amendments to schedule 24, sections 1 through 15, inclusive. Shall they carry? Carried.

Shall schedule 24 carry? Carried.

We will do schedule 25, section 1. Shall it carry? Carried.

0950

Schedule 25, section 2: Shall it carry? Carried.

Now we have a government motion at section 3.

Mr. Wayne Arthurs: I move that paragraph 2 of subsection 3(3) of the Public Sector Compensation Restraint to Protect Public Services Act, 2010, as set out in schedule 25 to the bill, be struck out and the following substituted:

"2. Local boards as defined in subsection 1(1) of the Municipal Act, 2001. However, this exclusion does not apply with respect to boards of health."

The Chair (Mr. Pat Hoy): Is there any comment? Mr. Tabuns.

Mr. Peter Tabuns: Would you explain why?

Mr. Wayne Arthurs: The particular motion clarifies that the legislation applies to boards of health, which are 75% funded by the province. That might be distinct from things like emergency services, which are on a 50-50 cost-share basis.

Interjection.

Mr. Peter Tabuns: If you have a question, go ahead.

Mr. Norm Miller: Just for further explanation, so that we understand exactly what's happening: Does the restraint apply to public boards of health that are funded 75% by the province?

Mr. Wayne Arthurs: Yes, it—sorry; if I can, Mr. Chairman: The approach is consistent with the intent of the proposed legislation to capture employers who receive the majority of their funding from the province.

Mr. Peter Tabuns: If I might speak on this, I disagree with the whole section, but this is also an impractical piece. Perhaps in some smaller centres, the board of health staff will be segregated from the general municipal employees. I can speak only of the city of Toronto, where I have familiarity. They are part of the unions that represent the workers at the city of Toronto. They are fully integrated with the workforce. Their payroll comes from the central payroll. To treat them as though they were a separate entity and organization within that city does not make sense.

I don't think that you can, in fact, do this practically. If you do go forward with it, you're just asking for all kinds of grief. Just set aside the ideological differences: From your perspective, this is not a practical step to take. I don't think you should go forward with it.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Opposed? The motion is carried.

Shall schedule 25, section 3, as amended, carry? Carried.

Shall schedule 25, section 4, carry? Carried.

Now we have a PC motion on page 8. Mr. Miller.

Mr. Norm Miller: I move that the Public Sector Compensation Restraint to Protect Public Services Act,

2010, as set out in schedule 25 to the bill, be amended by adding the following section:

"Unionized hospital employees

"4.1(1) If a collective agreement applies to employees of a public hospital on March 24, 2010, this act applies to those employees when their collective agreement expires.

"Effective date

"(2) For the purposes of this act, the effective date of the restraint measures for those hospital employees is the day before their collective agreement expires."

If I can add some comments, the hospital association advises that "non-union professionals will be more likely to leave their current hospital to work in one where their job is unionized, thus avoiding the effect of Bill 16 while receiving union-negotiated wage increases."

They gave examples. For example, "At the Hospital for Sick Children, the legislation in its current draft has already played a major role in CUPE's drive to certify the hospital's non-union employees. The union has touted the fact that unionized employees are exempt from the legislation and are not subject to the two-year wage freeze." In this case, "The vote to unionize or not is scheduled for tomorrow," they said when they made their presentations.

"Hospitals may have difficulty recruiting new employees for non-unionized positions at" what would then be "lower rates of compensation than those offered at neighbouring, unionized hospitals, thus exacerbating existing hiring shortfalls."

I think they gave examples within their own one hospital, where basically the same people doing the same job, because some were unionized and some were not unionized, would end up with very different pay rates after a couple of years. This would be difficult to correct in the future.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Arthurs.

Mr. Wayne Arthurs: Briefly, Chairman: Certainly it's not the intent of the legislation to interfere with collective bargaining. The government does not support changes to the legislation which would interfere in any way with the collective bargaining of hospital workers.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Tabuns.

Mr. Peter Tabuns: No one will be surprised around this table, but I disagree with this. Frankly, if employees are enterprising enough to look for a way to defend their wages by joining a union, then we shouldn't be driving down union wages as a way of discouraging their enterprise. I will be voting against this amendment.

The Chair (Mr. Pat Hoy): Mr. Flynn?

Mr. Kevin Daniel Flynn: I had a busy evening last night. I was talking to the CEO of my hospital, as well, who raised this issue with me, with Halton—

Mr. Peter Tabuns: Really?

Mr. Kevin Daniel Flynn: Yeah, I didn't get any sleep. He was raising this issue with me and said that within his own organization—he's CEO of Halton Healthcare Services, which covers off a number of

hospitals—they have the same situation, where some of the workforce is unionized and some of it isn't. I understand that it also applies to Credit Valley, Trillium, Sick Kids and Markham, I think, around the province. I don't think this is the solution to it, but it certainly is a situation that has been noted by myself and, I believe, by the government. It's an issue that, obviously, warrants some further investigation, I would think.

The Chair (Mr. Pat Hoy): Mr. Miller?

Mr. Norm Miller: Well, Mr. Chair, given my track record with government supporting my amendments so far, I'm at least pleased to hear Mr. Flynn say that they recognize that there's a problem, and the government may look at other solutions to the problem.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Opposed? The motion is lost.

Shall schedule 25, section 5, carry? Carried.

Shall schedule 25, section 6, carry? Carried.

Now we've got a new amendment: PC motion number 9. Mr. Miller.

Mr. Norm Miller: I move that the Public Sector Compensation Restraint to Protect Public Services Act, 2010, as set out in Schedule 25 to the bill, be amended by adding the following section:

"Compensation freeze for unionized hospital employees

"6.1(1) If a collective agreement applies to employees of a public hospital on March 24, 2010, the total compensation payable to each employee under the collective agreement is frozen until March 31, 2012, and the collective agreement remains in effect until March 31, 2012 or such later date as the agreement may provide.

"Same

"(2) Subsection (1) applies despite any provision to the contrary in the collective agreement and despite subsection 4(2) of this act."

If I may explain that: Non-union, public sector employees in hospitals include front-line health professionals, such as laboratory and radiation technologists, as well as registered nurses at some hospitals. The hospital association believes that the goal of maintaining equity within and across hospital-based health care professionals is important. We aren't going to have that with the current situation, the way the government is implementing its restraint measures. A suggested alternative is to extend the life of the existing collective agreements with unionized hospital staff for a period of two years, with a freeze in total compensation over this period. I believe it was the Ontario Hospital Association that made that recommendation.

The reality of this situation in Ontario right now is that the province is facing, at last count, a \$21.3-billion deficit. They have, I think, an eight-year plan, which goes beyond two elections and probably a boom-and-bust cycle to perhaps get the government back to a balanced situation. With that reality in mind, there definitely needs to be restraint. It needs to apply to all workers, whether unionized or non-unionized, across the government.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Arthurs.

Mr. Wayne Arthurs: Just to be on the record in respect to the amendment, the government caucus does not support the amendment. It's not our intention to interfere with collective bargaining of hospital workers, nor the intent of the legislation to interfere with that collective bargaining.

The Chair (Mr. Pat Hoy): Mr. Tabuns.

Mr. Peter Tabuns: Again, I oppose this amendment, for the reasons that I set out in my earlier comments.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Murray.

Mr. Glen R. Murray: This is the first time I've spoken before committee. I think the government's position is very coherent and very positive. We are not opening up or ripping up collective agreements. We've honoured every one of them, as has been suggested that we do earlier in the meeting. I think that kind of credibility with labour is absolutely essential to this.

The other piece is that there's an opportunity, I think, and a shared commitment, particularly from unions like CUPE, to protect public services. My partner is a nurse who certainly understands that I'm taking a pay freeze, and most of his colleagues don't have any concerns about that, but there's a real concern that we not hack and slash and that we not open collective agreements. I think that's where our government has tried to distinguish a credible position going into negotiations.

I don't think it's naive. I was mayor of a city and negotiated, during a period of great restraint, with CUPE with a fellow who was the local president and is now the national president of CUPE under very similar circumstances, a very beneficial agreement that resulted in helping the city I was mayor of alleviate its financial crisis. You require maximum flexibility and goodwill to our negotiators. I don't want to see us prescribe something in advance like this that would take the flexibility away from our negotiating team.

I have huge respect for both members opposite who bring different perspective to this, but I think that we've built this on two pillars and we can't mess with this or else we're going to undermine our credibility and our sense of good faith with the people we'll be bargaining with in the coming years.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Opposed? The motion is lost.

Schedule 25, sections 7 through 23: There are no amendments. Shall they carry, inclusive? Carried.

Shall schedule 25, as amended, carry? Carried.

There are no amendments to schedule 26, sections 1 through 12, inclusive. Shall they carry? Carried.

Shall schedule 26 carry? Carried.

Schedule 27: Sections 1 through 9 have no amendments. Shall they carry? Carried.

Shall schedule 27 carry? Carried.

Schedule 28, sections 1 through 4, inclusive, have no amendments. Shall they carry? Carried.

Shall schedule 28 carry? Carried.

Schedule 29: Sections 1 through 8 have no amendments. Shall they carry? Carried.

Shall schedule 29 carry? Carried.

Schedule 30: Sections 1 through 33 have no amendments. Shall they all carry? Carried.

Shall schedule 30 carry? Carried.

Schedule 31: Sections 1 through 5, inclusive, have no amendments. Shall they carry? Carried.

Shall schedule 31 carry? Carried.

We'll go back to where we were at the first point this morning.

Shall section 1 carry? Carried.

Shall section 2 carry? Carried.

Shall section 3 carry? Carried.

Shall the title of the bill carry? Carried.

Shall Bill 16, as amended, carry? Carried.

Mr. Peter Tabuns: Recorded.

The Chair (Mr. Pat Hoy): They already voted.

Shall I report the bill, as amended, to the House?

Mr. Peter Tabuns: No, I didn't already vote. You said, "Will the bill be carried?" Mr. Arthurs said, "Carried," and I called for a vote.

The Chair (Mr. Pat Hoy): You asked after I called the section.

Shall I report the bill, as amended, to the House?

Mr. Peter Tabuns: No.

Mr. Wayne Arthurs: Yes.

The Chair (Mr. Pat Hoy): All in favour? Opposed? Carried.

We are adjourned.

The committee adjourned at 1004.

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**Assemblée législative
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**Official Report
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Thursday 13 May 2010

Jeudi 13 mai 2010

**Standing Committee on
Finance and Economic Affairs**

**Comité permanent des finances
et des affaires économiques**

**Lowering Energy Costs
for Northern Ontarians Act, 2010**

**Loi de 2010 sur la réduction
des coûts d'énergie
pour les Ontariens du Nord**



Chair: Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Thursday 13 May 2010

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Jeudi 13 mai 2010

The committee met at 1402 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We're here for clause-by-clause consideration of Bill 44.

We'll start with the subcommittee report. Mr. Arthurs.

Mr. Wayne Arthurs: Your subcommittee met on Tuesday, May 11, 2010, to consider the method of proceeding on Bill 44, An Act to implement the Northern Ontario energy credit, and recommends the following:

(1) That, pursuant to the order of the House dated Monday, May 10, 2010, the Standing Committee on Finance and Economic Affairs be authorized to hold public hearings in Toronto on Thursday, May 13, 2010 from 8 a.m. to 10:15 a.m.

(2) That the committee clerk, in consultation with the Chair, post information regarding public hearings on the Ontario parliamentary channel and the committee's website.

(3) That interested parties who wish to be considered to make an oral presentation contact the committee clerk by 12 noon on Wednesday, May 12, 2010.

(4) That the committee clerk be directed to commence scheduling witnesses on a first-come, first-served basis.

(5) That if necessary, the members of the subcommittee prioritize the list of requests to appear that have not been scheduled by the deadline of 12 p.m. on Wednesday, May 12, 2010, and return their prioritized lists to the committee clerk by 1 p.m. on Wednesday, May 12, 2010.

(6) That witnesses be offered 10 minutes for their presentation, and that witnesses be scheduled in 15-minute intervals to allow for questions from committee members.

(7) That the deadline for written submissions be 12 p.m. on Wednesday, May 12, 2010.

(8) That, pursuant to the order of the House dated Monday, May 10, 2010, amendments to the bill be filed with the clerk of the committee by 12:30 p.m. on Thursday, May 13, 2010.

(9) That, pursuant to the order of the House dated Monday, May 10, 2010, the committee meet during its regular afternoon meeting time on Thursday, May 13, 2010, for clause-by-clause consideration of the bill.

(10) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

The Chair (Mr. Pat Hoy): Thank you. Any comment? Mr. Miller.

Mr. Norm Miller: Yes. I would just like to say that—surprise, surprise—no one was at the public hearings. The time allocation motion under which this committee is operating for Bill 44 must set some sort of new record for speed at which the bill is passing through. I think this subcommittee met on Tuesday—I believe it was Tuesday; it's been a busy week—and people had all of a day to find out about the hearings and a day to make their submissions with little or no advertising other than our in-house advertising here at Queen's Park.

It's no surprise that we had nobody come before the committee to make public their feelings about the bill, even though there very well might be groups that would have something positive to contribute in terms of improving the quality of the bill. The process that we're in is supposed to be, in theory, that people come before the committee; they make their thoughts known, the committee takes some time to think about it and then makes some amendments to, hopefully, improve the bill.

So I would simply say, who knows what surprises there will be going forward that we haven't given due process to to be able to correct? I'm not quite sure why the government is in such a huge rush to get this bill through in what I would certainly call a process that is more for going through the motions—it's a flawed process. In time, the result of it will be that the implementation could be flawed, and unfortunately you find out about the mistakes as you're trying to implement them. What needs to happen then is more corrective action after the fact instead of taking the time to get it right the first time.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Barrett.

Mr. Toby Barrett: Yes. Further to that, and I know that the subcommittee did authorize public hearings, as far as communicating the opportunity, information has been put out on the Ontario parliamentary channel. I have a television set at my apartment in Toronto and I have a television set at my farm. I don't get the Ontario parliamentary channel; I cannot get it. I don't know to what

extent people in northern Ontario can get the Ontario parliamentary channel; perhaps if they live in a city. The committee's website—I have to admit that I didn't know this committee had a website. I don't know to what extent people in the province of Ontario are aware of our committee's website to get this information.

Just to follow up on Mr. Miller's comments, I just think it's unfortunate that we have not had anybody come forward. Perhaps there are written submissions that have come forward. I haven't seen any. I feel kind of out of the loop, but what I'm really concerned about is to what extent people in Atikokan or Thunder Bay would feel out of the loop.

I think of organizations that we, as parliamentarians, deal with, particularly at the municipal level across the north: NOMA, the Northwestern/eastern Ontario Municipal Association, and FONOM, the Federation of Northern Ontario Municipalities. There's a northeastern chamber of commerce group that Mr. Miller has mentioned—and the mayors, the large urban mayors. I would think that those groups—having met with them over the years—would have wanted to have some input.

In this committee alone, we fight every year to travel in northern Ontario, and groups come forward. We held hearings in Atikokan a number of years ago. I just regret the fact that an opportunity was missed and the fact that there seems to be no acknowledgement at all of the importance of citizen participation or community involvement in these kinds of deliberations. So I just wanted to follow up on Mr. Miller's comments.

Mr. Howard Hampton: I'll be brief: The so-called hearings are a farce.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour of the subcommittee report? Carried.

LOWERING ENERGY COSTS FOR NORTHERN ONTARIANS ACT, 2010

LOI DE 2010 SUR LA RÉDUCTION DES COÛTS D'ÉNERGIE POUR LES ONTARIENS DU NORD

Consideration of Bill 44, An Act to implement the Northern Ontario energy credit/ Projet de loi 44, Loi mettant en oeuvre le crédit pour les coûts d'énergie dans le Nord de l'Ontario.

The Chair (Mr. Pat Hoy): Now we go to each section. Are there any comments on the bill in general? Mr. Arthurs.

1410

Mr. Wayne Arthurs: Very briefly, the bill speaks to the establishment of the permanent northern Ontario energy credit. It was a piece of the 2010 budget. This will be, obviously, a strategy to offset some of the energy costs related to northern Ontario and an ongoing recognition of a couple of factors: that there is a specialness about northern Ontario and some of the challenges that are faced there. Some of those in this room at this point

in time would be more directly familiar with those, and some of us who don't necessarily represent northern ridings—but in a broad sense, there's the full recognition of that.

I think a strategy of this government over time is to provide support for those in communities who are more vulnerable, lower- or modest-income families—not to offset all of their costs, but to provide support in a number of sectors, certainly energy being an important part of that. This will provide a credit both for individuals and families on an ongoing and permanent basis.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Howard Hampton: I think it's pretty clear what this is about. There's an election campaign that some would say has already begun. This is one of those incentives that the government wants to offer voters before the election. I think the reason that they put "permanent" in the title of the energy credit is because people are already pretty clear that this is nothing but a pre-election incentive.

As a pre-election incentive, though, I think it's pretty clear that it comes nowhere near the added cost of the HST. The average hydro bill in northern Ontario is in excess of \$200 a month, \$2,400 a year; 8% of that is \$192. The average heating bill is in excess of \$200 a month. People who have to heat with oil are probably paying \$700 or \$800 a month. For people who have to heat with electricity—and a lot of homes, unfortunately, were built with electric heat, especially First Nations homes—the hydro bill in many cases is probably in excess of \$800 a month.

We'll take an average of \$200 a month, \$2,400 a year; it's another \$192 the HST is going to add on. Then, of course, there's the whole issue of gasoline at the pumps. It will add another \$256. Do a little bit of addition: \$640 is what people are going to be out of pocket, on average.

I would simply say that something that says, "We're going to offer up a pre-election \$200 to make it go down easier" isn't going to work very well. People will not turn it down, because people are going to be really hard-pressed to pay their bills at a time when probably half the working people in northern Ontario have lower incomes now than they had four or five years ago. The government is going to be taking more money than ever out of their pockets. A lot of people simply do not have the money. That is especially true of First Nations. They won't turn the credit down. But if people think for a minute that this is going to ease the burden, well, folks, I've got lots of muskeg in northern Ontario that's for sale.

The Chair (Mr. Pat Hoy): Mr. Barrett.

Mr. Toby Barrett: As the parliamentary assistant indicated, the intention to help offset energy charges. We know the Ontario Energy Board just approved a 10% increase, and Mr. Miller, our finance critic, has done a very good job at explaining this in the Legislature with respect to this legislation. We know that on July 1, the HST will be added on to electricity. Many people heat their homes with electricity. I heat my home with

electricity and I'm in the rural south. I cannot imagine what the bills are going to look like living somewhere north of Thunder Bay or many of those communities up there.

We have this other add-on tax, the so-called green tax, that's something like \$53.7 million. And we have not seen, obviously, any impact yet of the cost from cap-and-trade legislation. That's an unknown. If you can get some pulp and paper mills running again, to what extent you can run a pulp and paper mill in northern Ontario with solar panels or even wind turbines, say, on Lake Superior—I just don't know about the feasibility of that when I compare that to the two existing generating stations at both Atikokan and Thunder Bay, which will be shut down—will essentially become scrap metal. I understand that there was an attempt—actually, construction—to run natural gas into the Thunder Bay plant, and that initiative was aborted.

There are an awful lot of unknowns here. I don't know whether even in the north—we know there have been some tough times and a decline in demand for electricity. However, even with the tough times, I am concerned that, three years out, we're going to have a shortage of electricity in northern Ontario, the way things are going, especially when you think of the Thunder Bay and the Atikokan plants being shut down.

For that reason, again, all three parties need the advice, the information and ideas from people who live and do business in the north.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Murray.

Mr. Glen R. Murray: If you measure this initiative against the absolute solution to all outcomes, it's not going to stack up. It's not a silver bullet or a panacea, but it's an important step forward. As a member from about as urban and as central a constituency as you can get—it is a recognition, I think, by the government that it's very important.

Anne Krassilowsky, who is the mayor of Dryden and who's a dear friend of mine, often tells me stories about the cost of energy. Her husband is a trucker. When energy prices go up, he just takes his truck off the road, because he loses money on it every month.

There's attention right now in Canada. We know we're past peak oil. We know that energy prices are going to go up—the laws of supply and demand. We don't have a national carbon price in this country yet but we're going to get one, and that's going to have an impact.

I'm really pleased that the Green Energy Act creates some extraordinary opportunities for northern Ontario that we haven't even started to explore yet, and they're going to be different in more complex and remote areas than they are in large, urban areas. I am very pleased, as someone who's not from the north but who spent a lot of my childhood in Sudbury, to see this recognition.

You're going to see it in industry. The Sudbury mines—my uncles and a lot of my family grew up and came to Canada to work in the mines—now employ 20% of what they used to; it's all automated. There is a much smaller number of people going underground because labour costs and energy costs right now are putting huge constraints on the resource and manufacturing sectors.

I think we're going down the right track. "Permanent" does mean something to me, and when I vote for it and I'm talking to people in my constituency in Toronto, this is the kind of empathy and understanding that people in the south have to have about the very different reality in the north.

Is it all things to all people and is it all solutions right now? No, it's not, but it's an important step forward. I think there's recognition by MPPs from across our party that the north needs this kind of support. I'm quite happy and I would encourage—my colleagues from the north can count on many of us in the south for continued support on these kinds of issues.

The Chair (Mr. Pat Hoy): Any other comment?

Hearing none, there are no amendments to sections 1 through 4. Shall those sections carry? Carried.

Shall the title of the bill carry? Carried.

Shall Bill 44 carry? Carried.

Shall I report the bill to the House? Agreed.

We are adjourned.

The committee adjourned at 1417.

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Standing Committee on Finance and Economic Affairs

Open for Business Act, 2010

Comité permanent des finances et des affaires économiques

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Tuesday 3 August 2010

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Mardi 3 août 2010

The committee met at 0916 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We're here for public consultation on Bill 68. If we could have the subcommittee report read first, Mr. Arthurs.

Mr. Wayne Arthurs: Chairman, your subcommittee met on Thursday, July 15, 2010, to consider the method of proceeding on Bill 68, An Act to promote Ontario as open for business by amending or repealing certain Acts, and recommends the following:

(1) That, pursuant to the order of the House dated June 2, 2010, and the letter from the whips dated July 7, 2010, the committee hold public hearings in Toronto on Tuesday, August 3, 2010, and Wednesday, August 4, 2010.

(2) That the committee clerk, in consultation with the Chair, post information regarding public hearings on the Ontario parliamentary channel and the committee's website.

(3) That the committee clerk, in consultation with the Chair, place an advertisement, no later than the week of July 19, 2010, for one day only, in Canada Newswire, the Globe and Mail, the Toronto Metro, and the Toronto French weekly L'Express.

(4) That interested parties who wish to be considered to make an oral presentation contact the committee clerk by 4 p.m. on Friday, July 23, 2010.

(5) That the committee clerk distribute to each of the three parties a list of all the potential witnesses who have requested to appear before the committee by 5 p.m. on Friday, July 23, 2010.

(6) That if necessary, the members of the subcommittee prioritize the list of requests to appear and return it to the committee clerk by 12 noon on Monday, July 26, 2010.

(7) That witnesses be offered 10 minutes for their presentation, and that witnesses be scheduled in 15-minute intervals to allow for questions from committee members.

(8) That each witness be questioned by one caucus for up to five minutes on a rotational basis.

(9) That the deadline for written submissions be 5 p.m. on Wednesday, August 4, 2010.

(10) That amendments to the bill be filed with the clerk of the committee by 12 noon on Thursday, August 5, 2010.

(11) That, pursuant to the order of the House dated June 2, 2010, and the letter from the whips dated July 7, 2010, the committee meet on Friday, August 6, 2010, for clause-by-clause consideration of the bill.

(12) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

Mr. Chairman, that's your subcommittee report.

The Chair (Mr. Pat Hoy): Is there any comment on the report? Hearing none, are we in favour of the report? Carried. Very good.

OPEN FOR BUSINESS ACT, 2010

LOI DE 2010 FAVORISANT UN ONTARIO
PROPICE AUX AFFAIRES

Consideration of Bill 68, An Act to promote Ontario as open for business by amending or repealing certain Acts / Projet de loi 68, Loi favorisant un Ontario propice aux affaires en modifiant ou en abrogeant certaines lois.

MR. PATRICK QUINN

The Chair (Mr. Pat Hoy): Very good. Now, I understand that our 11:30 presentation is here and would present now, if they would come forward: the Ontario Society of Professional Engineers. Thank you for accommodating the committee at this time. We appreciate it. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would ask you to identify yourself for our recording Hansard and then you can begin.

Mr. Patrick Quinn: My name is Pat Quinn. I was president of Professional Engineers Ontario by election in 1999-2000 and also in 2005-06, 2006-07.

I'm not actually here speaking today on behalf of OSPE. OSPE, which is the Ontario Society of Professional Engineers, yielded their time to me and you'll see from some of the documents which I've given to the clerk how this has come about. I guess it's part of the internal politics of the engineering profession, and that's the way it is.

What I'm here to talk about is what's called schedule 2 on your bill, the Ministry of the Attorney General, and it's on the Professional Engineers Act.

Over the weekend, a letter was sent to Mr. Zimmer which said, "As you can see from the attached note from me and my colleague former presidents, we have serious concerns about two clauses amending the Professional Engineers Act, which would give unchecked power to council over fees, spending and bylaws."

It further goes on, and I've passed this through to the committee: "I cannot attend tomorrow's hearing and have asked my colleague Pat Quinn to attend in my absence, and to answer any questions the committee members may have." It's signed by David Adams, P.Eng., who is president-elect of PEO.

It's getting convoluted, as they say.

What the attachment to that letter says is the following:

"On Tuesday, the standing committee on finance will examine in detail Bill 68, an omnibus bill under the Open for Business initiative.

"It contains extensive changes to the Professional Engineers Act, many of which are of a routine operational nature which have received little comment in the engineering community outside council.

"There are changes to subsections 8(2) and 8(3) of the act which are of great concern to many members. If implemented, they will take away members' traditional rights and will give to council complete unchecked power to spend and enact bylaws.

"The last major overhaul of the act in 1984 followed extensive studies and discussions, and required that council, before a bylaw became effective, obtain the approval of the members by referendum. In experiences since then, this has not been onerous and in most cases the members' approval has been readily given.

"One area where members have seen this approval requirement as a check on council spending has been in increases in annual fees. Council has had to make adequate arguments for need and when this has been done, members' approval has been forthcoming.

"Despite a lack of study and consultation that such a major change should require, our recent" annual general meeting "and surveys by both PEO and OSPE"—Professional Engineers Ontario and the Ontario Society of Professional Engineers—"have shown that there is consensus among members that giving council unlimited powers without a reasonable check on these powers, by the members, is not justifiable or in the best interests of the profession.

"We urge that the standing committee be advised to strike out the amendments to subsections 8(2) and 8(3) and maintain the requirement for member approval before a bylaw comes into force."

These are the words of David Adams, president-elect; myself, former president; and Peter DeVita, who is also a former president.

Since 1984, PEO has operated whereby bylaws were not effective until ratified by a referendum of the

members. It's traditional in our profession. There are no indications that this has hindered our operations or our progress. The amendments proposed to subsections 8(2) and 8(3) would give council absolute power. Notwithstanding the assurances that this power would be exercised with care, such power should not be granted. To take away the members' right to ratify fees, ergo control spending, not only is a breach of faith with and in our members, but removes the reasoning of a need for bylaws. If council can, by simple majority, make a motion a bylaw, what's the inherent role of a bylaw? I'm saying, please do not amend those two sections.

Just so that we're clear, perhaps I could read the sections that are involved. It comes under 16 in your papers:

"(16) Subsections 8(2) and (3) of the act are repealed and the following substituted:

"Bylaws effective

"(2) Subject to subsection (3), a bylaw made by the council is effective when it is passed." That's fairly clear. A bylaw made by the council is effective when it's passed.

It continues:

"Confirmation

"(3) A bylaw passed by the council is not effective until it is confirmed, in the manner specified by the council, by a majority of the members of the association,"—and here's the kicker—"if the bylaw so specifies," which means that council can make a bylaw and it can specify that it doesn't have to be ratified by the members.

I am prepared to answer any questions the committee may have.

The Chair (Mr. Pat Hoy): Thank you. The first round of questioning goes to the official opposition. Ms. Munro.

Mrs. Julia Munro: Thank you for coming. In the letter that you handed out, am I correct in interpreting it that you feel there was not very much consultation prior to these amendments coming forward?

Mr. Patrick Quinn: There was not the type of consultation that a major amendment such as this should have. Normally, when we make these types of amendments, and when I was president, we would have town hall meetings. We would bring in our various chapters and what have you and make them fully conversant with them. Because of the nature of this, we would actually probably have a referendum.

Mrs. Julia Munro: Given the fact that there wasn't that kind of consultation taking place, is this consistent with other professional councils? Where did this idea come from?

Mr. Patrick Quinn: I don't know. I'm told that other councils have situations like this, but I should say other councils are not like Professional Engineers Ontario. Professional Engineers Ontario has always had confidence in its members. It has been prepared to go to its members when it has bylaws that it wants to change, and

in most cases it has had those ratified. I think there are very few cases where the members have not ratified.

Mrs. Julia Munro: A final question: Would you consider this to be an affront to the transparency and accountability principles that you would normally expect to take place in your organization?

Mr. Patrick Quinn: "Affront" is a loaded term. I think it could have been handled in a better way.

Mr. Norm Miller: Just following up, in terms of your concern that the council will have too much power and be able to set fees without approval of the membership, is the council—they're elected members of the PEO. To get on council—

Mr. Patrick Quinn: Some are. The president, the president-elect and the vice-president are, regional councillors are, but a large number are appointed by the Lieutenant Governor in Council.

Mr. Norm Miller: Who are not necessarily engineers?

Mr. Patrick Quinn: Some are engineers and some are not. Some are lay members and some are not.

Mr. Norm Miller: What would the total number of representatives be on the council?

Mr. Patrick Quinn: It's about 30, and I think there are 10 who are regional. There are in the order of 12, let's say, who are appointed as a total number, then the president, the president-elect and the vice-president, and some councillors at large who are elected.

Mr. Norm Miller: So would Professional Engineers have control in terms of voting on the council or—

Mr. Patrick Quinn: Yes, it does—

Mr. Norm Miller: But you're still opposed to—

Mr. Patrick Quinn: I understand where you're coming from. When council passes a motion, it passes it by simple majority. If it wants to rescind the motion, it requires a two-thirds majority. What you're saying is throw them out and elect a different council. You could do that, yes, but then you would require a two-thirds majority in order to rescind what had been done. I don't see why we would go into such a situation when there is no demonstrable evidence that it's required.

Mr. Norm Miller: And you don't know where this change is coming from, because your organization is not asking for this change—

Mr. Patrick Quinn: Professional Engineers Ontario, as I understand, is asking for this change. That's where it fits in there. You could call us a dissident group who are not in favour of this, who don't feel this has been handled in a proper way.

I also want to say, we don't want to disturb the rest of what I would call routine matters in the Professional Engineers Act which are required to be amended. There has been some talk that this is an all-or-nothing affair, which seems wrong to me. It seems to me that this committee could recommend taking out those two clauses and leaving the rest of the changes intact.

Mr. Norm Miller: I must admit, I'm a little confused. You're past PEO president, but you're not representing PEO?

0930

Mr. Patrick Quinn: I'm not representing PEO. I'm not representing OSPE. I'm representing today just David Adams, who is the president-elect and who couldn't get here today. I should say he didn't know about this meeting until last Friday or Thursday, as I understand it.

Mr. Norm Miller: Okay. Very good. Thank you very much for your presentation.

The Chair (Mr. Pat Hoy): And thank you for appearing before the committee.

Mr. Patrick Quinn: Thank you very much.

PROFESSIONAL ENGINEERS ONTARIO

The Chair (Mr. Pat Hoy): For the committee's information, the 9:30 and 9:45 presenters have cancelled, but I believe our 10 o'clock slot is here, the Professional Engineers Ontario. If you'd come forward, please.

Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I just ask you to identify yourselves for our recording Hansard, and then you can begin.

Mr. Kim Allen: Very good. I'm Kim Allen, the CEO and registrar of Professional Engineers Ontario. With me I have Diane Freeman, the president of Professional Engineers Ontario.

Good morning, Chair and committee members. Professional Engineers Ontario is grateful for this opportunity to speak in support of the 66 amendments to the Professional Engineers Act as set out in schedule 2 of Bill 68. We also want to advise you regarding our ongoing work with ministry officials to clarify some language and to ensure the act is good for business.

With our council—and again, you had some discussion with the previous presenter. President Freeman heads our 29-person council; 17 engineers are elected directly by the members of PEO, and 12 people are appointed by the Lieutenant Governor in Council. Seven of those 12 appointees are professional engineers. PEO council is the governing authority of the body that regulates the practice of professional engineering and governs Ontario's 75,000 licensed practitioners and 5,000 entities offering professional engineering services to the public. Council is committed to ensuring fair, transparent and open processes that serve the public interest.

While developing these initiatives, council consulted broadly with members. We sent out electronic surveys to our membership and had various different responses to them. We sent it out to our 30 committees representing volunteers that are engaged in a whole wide range of engineering businesses, engineering organizations that included our sister organizations across Canada, Consulting Engineers of Ontario—Barry Steinberg, its president, is here in the audience today—the Ontario Society of Professional Engineers; the Ontario Association of Certified Engineering Technicians and Technologists; and the Ontario Association of Architects,

to name a few of those that we consulted with. As many of the changes have been on the books for years, we have consulted broadly with other groups as PEO council developed its policy direction on these initiatives.

We believe the proposed changes to the Professional Engineers Act will increase the clarity, transparency, accountability and effectiveness of our work, all of which is good for business. In particular, the proposed changes address the public interest by responding to the needs of Ontario business and helping those who want to become licensed to practise engineering.

They open up engineering in Ontario and harmonize requirements across Canada to make it easier for Ontarians to do business across the country. This bill adopts the national definition of "professional engineering," which is essential to harmonizing requirements.

At the same time, they streamline PEO's ability as a regulator to safeguard life, health, property, economic interests, the public welfare and the environment. This is good for business.

PEO is leading in the effort to create a national framework where all Canadian jurisdictions have same requirements to best serve the public interest. We are floating all boats to the appropriate level. The changes will eliminate unnecessary requirements and harmonize complicated requirements, all within a national framework.

I just returned from a strategic planning session with Engineers Nova Scotia, where its council is looking to move forward with initiatives similar to the ones that are in this bill.

For example, one of the proposed changes would eliminate the requirement to be a citizen or a permanent resident of Canada to obtain a licence to practise professional engineering. We have found that despite completely eliminating application fees for internationally trained engineering graduates three years ago, some 60% of those who apply for a licence live in Canada for more than three years before they apply. Our research has shown that the residency requirement is the primary reason for this.

It's in the interests of the public, the applicants and the province to have newcomers' credentials assessed as early as possible. Since 2004, PEO has encouraged everyone to apply online before they come to Canada.

With the proposed elimination of the residency requirement, many qualified applicants could now arrive in Canada with a provisional licence in hand and be ready to immediately enter the engineering workforce.

It also provides council with the ability to make the provisional licence a more effective regulatory instrument. This is good for business.

Similarly, PEO has for years collaborated with the Ontario Association of Certified Engineering Technicians and Technologists to enable highly skilled technologists and applied science graduates to practise professional engineering within their areas of expertise. One of the proposed changes to the Professional Engineers Act would enable these professionals to offer specific

professional engineering services independently to the public.

Having all professionals accountable through licences and certificates of authorization eliminates the need for government to prescribe unnecessary regulations to protect the public interest. This is good for business.

The final proposal that I'd like to highlight for you relates to repealing an exception related to being licensed to carry out an act within the practice of professional engineering in relation to machinery and equipment for use in the facilities of the person's employer. This exception exists only in Ontario. Repealing it levels the playing field across the country.

Further, in the 1990s, an Occupational Health and Safety Act regulation was amended to require pre-start health and safety inspection reviews of machinery or equipment, to be conducted by a professional engineer. This amendment has prevented numerous injuries and fatalities to Ontario workers.

The change creates regulatory cohesion. At the same time, something should not be covered in one statute while having more stringent requirements in a regulation under a different statute. Levelling the playing field, workers' safety and regulatory cohesion is good for business.

In summary, Professional Engineers Ontario believes that the proposed changes to the Professional Engineers Act, as set out in schedule 2 of Bill 68, if enacted, will open up engineering and harmonize requirements, making them good for the public, good for business and good for the profession.

Since the introduction of Bill 68, we have continued to work with ministry officials and have identified some language that could better reflect the intent of the initiatives. Clarity, again, is good for business. We expect that the government may bring forward some amendments related to schedule 2 during the committee's clause-by-clause review later in the week.

One of these would eliminate the requirement to prescribe application forms in regulations. Four would relate to the association's register, to provide more information about licence holders and certificate holders. The other three, simply, more clearly reflect PEO council's policy intent for those initiatives and are really language changes.

We urge all members of the committee to support these motions.

To conclude, thank you for the opportunity to address you. We'd like to thank the government for moving forward with PEO council's requests to enhance PEO's ability, as a regulator, to safeguard life, health, property, economic interests, the public welfare and the environment.

This government recognizes the important role that engineers play in our society and in our economic well-being. This is good for the people of Ontario, good for the engineering profession and good for business.

I would be pleased to answer any of your questions.

The Chair (Mr. Pat Hoy): Thank you. This round of questioning will go to the NDP. Mr. Prue.

Mr. Michael Prue: Thank you very much. You were in the room when the previous presenter presented. Part of the letter—you're in the same organization, I take it. This is exactly the same?

Mr. Kim Allen: Absolutely.

Mr. Michael Prue: Absolutely. So there is some dissent within your organization, it appears.

Mr. Kim Allen: Correct.

Mr. Michael Prue: The incoming president is not in support, and the gentleman who was here outlined what some of the concerns were.

The letter from the president-elect outlines three things. I wonder if you would comment on them, because you didn't deal with any of that during your presentation.

The first is that there are concerns about the two clauses amending the Professional Engineers Act that would give unchecked power to council over fees, spending and bylaws. Do you believe that that is the case?

Ms. Diane Freeman: Could I respond to that?

Mr. Michael Prue: Surely.

Ms. Diane Freeman: I can assure you that the amendment acts have been in the works, I think, for about 23 years. We had a very substantial council meeting—several—to go through the amendments. The president-elect certainly did voice his concerns at that time, at the council meeting, and so did the Ontario Society of Professional Engineers; they had provided correspondence to us as part of the consultation process.

0940

A considerable amount of discussion was given to that particular issue by council and a very strong commitment was made at that meeting, again at our AGM, and again through correspondence from myself to advise that by no means is there any intent to alter the seeking of member ratification of changes to the bylaws by removing this from the act. What we're trying to do is move it into a bylaw—the ratification piece—so that we can ensure that we have a variety of tools to do the ratification, whether it's by email or by written ballot, as currently written in the act, or whether it is through member ratification at the AGM.

Also, as part of the consultation process, we received a variety of feedback from the licence holders with regard to them asking us—some licence holders want to ratify everything; some only want to ratify what they refer to as big issues, and so we wanted to undertake more consultation to make sure that when we create this ratification bylaw, if the majority of the licence holders want to ratify everything, that's what we want to do.

Mr. Michael Prue: Okay. If I can go on, he writes in the letter—and you started to answer that—

Ms. Diane Freeman: You have an advantage on me, I'm afraid, because I don't have a copy of the letter.

Mr. Michael Prue: Well, I'll read you the paragraph; it's just a sentence long. "Although there was a heavily slanted effort to convince members of the so-called

benefits of having council appoint the president-elect, PEO's own poll indicates that two out of three engineers oppose the proposal, as do we."

Did you do a poll, and did two out of three of your members oppose, and then you're here speaking in favour of it?

Mr. Kim Allen: The first one regarding the bylaw, just to put it in there: We did a broad survey where we surveyed all members. We've got some 65,000 of our 75,000 licence holders on email, where we serve them, and there were only 34% that objected to proceeding with council actually ratifying fee changes to the bylaws. The clause you're talking about now is that council has regulation-making authority to define what council actually looks like.

None of that is in the bill before you. There are no changes regarding how council is made up. All that's required in the act is that there are between 15 and 20 elected people and the government can appoint up to 12 people, and it defines how many lay people have to be on it. That's it. The rest of the council makeup is defined in regulations, and council has the regulation-making authority to do that. So the comment in there, again, isn't germane to this bill whatsoever.

Mr. Michael Prue: Thank you very much.

The Chair (Mr. Pat Hoy): And thank you for your presentation before the committee.

ECOJUSTICE CANADA

The Chair (Mr. Pat Hoy): Now I'm advised that our 10:30 group has arrived. Ecojustice Canada, if you'd come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I'd just ask you to identify yourselves for our recording Hansard.

Ms. Kaitlyn Mitchell: Good morning. My name is Kaitlyn Mitchell and I'm a staff lawyer with Ecojustice Canada. I'd like to begin by thanking you for giving me the opportunity to appear before you this morning to discuss Bill 68.

For those of you who are unfamiliar with our organization, Ecojustice is Canada's premier non-profit environmental organization, providing free legal and scientific services to protect and restore the environment and human health. Since forming in 1990, legal reforms and litigation around approvals of pollution sources for greater protection of Ontario communities and their environment have formed a core part of our work.

To begin, I'd like to be clear that Ecojustice appreciates the need to modernize the approvals process in this province so that desirable, sustainable projects are approved sooner and bad proposals are quickly rejected. However, we believe that changes to the approval system need to be made in a manner that's protective of the environment and human health, and also recognize the importance of public participation and environmental decision-making processes.

The Canadian Environmental Law Association will be presenting this afternoon on the topic of the application of the Environmental Bill of Rights to individual registrations under the proposed environmental activity and sector registry, which is provided for at part II.1 of schedule 7 of Bill 68. Ecojustice supports CELA's position on this point. However, to avoid duplication, my submission this morning will be focusing on, firstly, the legal implications of the proposed environmental activity and sector registry, specifically in terms of the defence of statutory authority, and secondly, our concerns with regard to proposed amendments to the Crown Forest Sustainability Act, which are set out in schedule 10 of Bill 68.

For a more detailed description of our concerns with regard to the modernization of approvals in Ontario, I'd like to invite members of the committee to review the brief entitled *Modernizing Environmental Approvals*, which was submitted to the Ontario Ministry of the Environment on behalf of CELA—that is, the Canadian Environmental Law Association—Ecojustice and the Canadian Institute for Environmental Law and Policy on April 16, 2010. For your convenience, I have provided a copy of this document along with my brief written submission this morning.

I'd like to begin by noting that a fundamental weakness of the current approval system in Ontario is its failure to address the issue of cumulative effects, including background concentrations and emissions from other neighbouring sources when decision-makers issue certificates of approval or other instruments to individual facilities in this province. This is a serious flaw, given that the cumulative impact of several facilities—including low-risk facilities that are located closely together, as they commonly are—can be significant, and that many areas of this province already face a disproportionately high pollution burden. We believe that in order to ensure adequate protection of the environment and human health, consideration of cumulative effects must be a part of the proposed registration system, as well as the issuance of site-specific approvals. Prior to making significant changes to the existing approval system, the Ministry of the Environment should be required to make it a priority to explicitly incorporate cumulative effects assessment into the regulatory framework governing the authorization of activities that result in the emission of air pollution.

That said, I'm going to focus today, as I said, on two specific amendments that we would like made to Bill 68, which is currently before you.

First, with regard to the availability of civil recourse for members of the public who are adversely affected by activities subject to the proposed environmental activity and sector registry set out at part II.1 of schedule 7 of Bill 68—by way of background, statutory authorization can be used as a defence to a range of civil actions, such as private nuisance, public nuisance, riparian rights and strict liability claims. It bars redress where the Legislature has expressly or implicitly authorized a work

that can only be done by causing nuisance, for instance, and no compensation is provided in that statute; that is, where a statute or a regulation explicitly or implicitly authorizes a work to be carried out that can only be done by causing, for instance, a nuisance, the legislation has, in effect, authorized the infringement of private rights.

The reason for our concern is that at present, it's unclear whether activities that are subject to the registration process will be deemed to have statutory authority to carry out the activity. If they are so deemed, then members of the public lose their right to bring civil action against a company operating under the registration process that causes adverse impacts.

It's also important to note that there is currently a crown immunity clause set out at section 177.1 of the Environmental Protection Act. Essentially, what this means is that the regulatory negligence actions are precluded in relation to any matters arising out of, or in relation to, a permit-by-rule system such as the one set out in the proposed registry. The effect of the defence of statutory authority, in conjunction with the crown immunity clause set out at section 177.1 of the Environmental Protection Act, could be to leave members of the public with no recourse to civil remedies for adverse impacts caused by activities subject to the registration system.

0950

Our recommendation is that the committee adopt a clause that explicitly states that the enactment of regulations governing activities subject to the environmental activity and sector registry does not provide for the defence of statutory authorization. The crown immunity clause under section 177.1 of the Environmental Protection Act should not apply to activities subject to the registration and should in fact be revoked.

I'm going to move on to the final issue that I will address today, which is our concerns with respect to the proposed amendments to the Crown Forest Sustainability Act set out at schedule 10 of Bill 68. Again by way of background, the Crown Forest Sustainability Act is the primary statute that guides forest management on public lands in Ontario. It requires that the Minister of Natural Resources ensure that forests are managed in an environmentally, economically and socially sustainable manner. Among the minister's responsibilities under that act is the approval of five-year forest management plans, which must be followed by logging companies.

The Endangered Species Act was enacted in 2007 and came into force on July 1, 2008. Its primary objective is the protection and recovery of species at risk and their habitat. Since the enactment of the Endangered Species Act, the Ministry of Natural Resources has been considering options to bring forestry operations in this province into compliance with the provisions of that act. A one-year exemption for forestry, when the Endangered Species Act first came into force, provided the Ministry of Natural Resources with time to sort out how the Endangered Species Act and the CFSA—the Crown Forest Sustainability Act—were to work together to

ensure the protection and recovery of endangered species, as well as the maintenance of ecosystem health in our forests. Unfortunately, the Ministry of Natural Resources has yet to establish a mechanism for forestry compliance with the Endangered Species Act while properly managing public forests as a whole.

Our reasons for concern are that subsection 2(1) of schedule 10 of Bill 68 proposes to allow the Minister of Natural Resources to deem any mechanism available under the Endangered Species Act—that would include permits, the prescription of CFSA instruments through regulations, or full exemptions from the act—as satisfying sustainable forest management planning requirements under the CFSA. This effectively gives the Minister of Natural Resources complete discretion to nullify not only the protections for endangered species contained in the Endangered Species Act, but also the planning protections that have existed for the past 15 years for them under the CFSA. For instance, the minister could decide to exempt forestry operations from the Endangered Species Act, and this would simply be deemed as satisfying the CFSA's requirements pertaining to sustainable forestry operations.

In terms of a proposed solution to the uncertainty that's created by subsection 2(1) of schedule 10, we suggest that the Lieutenant Governor in Council could simply use its power under clause 55(1)(e) of the Endangered Species Act to prescribe forest management plans generated under the CFSA as instruments under the Endangered Species Act. Forest management plans would then have to meet the criteria under section 18 of the Endangered Species Act, and that includes consideration of whether specific operations proposed would jeopardize the survival or recovery of species at risk. This solution would ensure that industry only has to go through a single permitting process to meet existing legal requirements of both acts.

As I've set out in my written submissions for today, it is possible for the committee to provide for this solution by way of legislative amendments. This could be accomplished by deleting the current draft subsection 2(1) of schedule 10 and replacing it with a provision that states that before forest management plans are approved or amendments to such plans are made, the Minister of Natural Resources must consider them as instruments under subsection 18(1) of the Endangered Species Act.

Those are my submissions for this morning, and I look forward to answering any questions that you may have.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government. Ms. Jaczek.

Ms. Helena Jaczek: Thank you very much, Ms. Mitchell, for your submission today. First of all, I'd like to say that I'm really pleased to hear that you are in favour of some modernization related to the approval process.

I was wondering: To what extent have Ecojustice and various affiliated environmental legal organizations been involved with this whole consultation? What type of opportunities have you had?

Ms. Kaitlyn Mitchell: We've been fairly involved; specifically, my colleague Dr. Elaine MacDonald, who is our senior staff scientist, has been quite involved in the process.

As I mentioned, CELA, Ecojustice and the Canadian Institute for Environmental Law and Policy did submit a fairly lengthy brief, which you now have before you, back in April with regard to the EBR posting for approvals modernization in the province. Elaine MacDonald has also been involved as a member of the round table that has been meeting, and I believe it meets next on August 10 to discuss this issue.

Generally speaking, it's also a matter that just comes up in our work fairly often because of the number of concerns that we get from concerned community members about approvals that have been issued in their area. It's certainly an area of ongoing interest for us, but, specifically, we have been looking forward to any opportunity to provide comment and input as this process is moving forward.

Ms. Helena Jaczek: In terms of the general thrust of dividing activities into high risk, low risk, some sort of risk analysis, you're basically in favour of that type of a system?

Ms. Kaitlyn Mitchell: Absolutely, yes. In principle, we think that that's definitely a good idea.

With regard to the specific low-risk activities, that will be categorized under Bill 68. We can't necessarily speak to that since we haven't seen a specific list, but we do want to make it clear that, at present, those activities are activities which require a certificate of approval. Therefore, they do carry with them the potential to have adverse environmental effects.

As I mentioned, the cumulative impacts of such activities, even when they are low-risk activities in and of themselves, can be quite significant. We just want to make sure, when those activities are reviewed and they're considered as low risk, that that is considered—that they do have the potential to have adverse impacts and that, cumulatively, they can have quite significant impacts. That should not be ignored.

Ms. Helena Jaczek: To reassure you a little bit on the cumulative impact, for many of us, as individual representatives of our communities, I think that is an issue that has been brought to our attention and to the attention of the Ministry of the Environment. Again, through the consultation process, there certainly is the desire to provide the tools to better capture environmental information in a cumulative fashion and not as separate silos of particular risks.

Looking forward, as you talk about the first proposed amendment that you've put forward, this relates more to public input, specifically, and the ability to have recourse in cases where there is potentially some negative impact.

Ms. Kaitlyn Mitchell: Yes. I would describe it as an access-to-justice issue somewhat. We think that it would be unfair for members of the public who suffer adverse consequences as a result of activities subject to the registration system to be left with no avenues for civil

recourse, and that is a possibility, as I mentioned, because at present section 177.1 of the Environmental Protection Act does bar actions in regulatory negligence against the crown. That, in combination with the fact that it would be regulations that would be describing these activities, does run the risk that civil actions against the companies themselves would be barred as well, and that would effectively leave no rights to civil recourse available for these citizens, and we think that would be highly unfair.

We would like to see a specific provision that just states that that defence, that statutory authority, does not apply to those activities.

The Chair (Mr. Pat Hoy): Thank you for appearing before the committee.

Ms. Kaitlyn Mitchell: Thank you.

ST MARYS CEMENT

The Chair (Mr. Pat Hoy): St Marys Cement, I believe, is in the room. If you would come forward, please. Good morning. You have up to 10 minutes for your presentation. There could be five minutes of questioning following that. I'd just ask you to identify yourself for our recording Hansard, and you can begin.

Mr. John Moroz: Thank you, Mr. Chair and members of the committee. Good morning and thank you for this opportunity.

We believe that your work has substantial potential to enhance the economy and employment in Ontario while safeguarding the province's strong and well-earned reputation for environmental protection.

I'm John Moroz, the vice-president and general manager of St Marys Cement's aggregate business.

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St Marys is a leading manufacturer of cement and related construction products in both Canada and the United States, with our roots planted in Ontario, stretching back over 90 years to our founding in the town of St Marys.

Our business covers southern Ontario from Windsor to Ottawa, and we're proud of the contributions we've made over the years through countless engineering, civic and residential building projects such as the CN Tower, Roy Thomson Hall, Darlington Nuclear, Seneca College and the Sir William Osler hospital in Brampton.

Today our company is one of Ontario's largest cement manufacturers, and our construction materials division literally provides the building blocks of our communities. St Marys is a major investor and employer in the province, currently with 1,200 employees working at our two cement plants, more than 40 ready-mix concrete plants, 22 aggregate operations and our transportation division.

Our highest priority is to operate in an environmentally and socially responsible manner, and our operations reflect the highest standards for safety and environmental performance. We have made substantial

investments in the communities where we live and operate.

In 2001 St Marys was acquired by Votorantim, a global cement producer based in Brazil. Since 2001 we have invested literally hundreds of millions of dollars in Ontario to support our cement, ready-mix concrete and aggregate operations.

Most of Votorantim Cement North America's operations are in the US, with facilities all over the Great Lakes states as well as in Florida, North Carolina, Texas and California. Despite this, our company chose to locate its North American headquarters here in Toronto.

In 2008 the global recession presented significant challenges for many businesses. With the downturn in the American cement market, St Marys responded like many companies, with reduced production. We chose to shift some cement production to our Ontario operations while mothballing one of our major US cement plants that supplies the same Great Lakes market.

As Ontario has grown and flourished, so have we. However, intense international competition has presented new challenges to industry and government alike. Ontario companies aren't just competing with locally owned businesses but with large multinational organizations that are looking for opportunities in Ontario. As a province, we're competing against other jurisdictions that want to attract the same investment dollars and associated investment and jobs that we covet.

We believe Ontario has a positive environment for business. However, we are now facing increasing uncertainty, particularly in permitting and approvals processes, and this is a major concern for our shareholders.

We commend the Ontario government for the substantial steps it is taking to create a welcome environment for investment and job creation. The Open Ontario initiative can be a major force to propel our economy forward, be it through tax reform or growing our expertise in clean water technology and helping us pull out of this recession through a major investment in new infrastructure.

The government has had to make some courageous decisions, as it did recently with the Green Energy Act. By ensuring that special interest groups did not create barriers to green energy development, the government took a bold and necessary step to protect the broader public interest.

We strongly support the government's proposed changes to streamline the regulatory environment for business. However, without alignment of the three levels of government, the success of the Open Ontario initiative will be in jeopardy.

Streamlining and modernizing the environmental approval process at the provincial level is a significant step. Strong provincial leadership consistent with the government's approach for green energy is crucial.

We encourage the province to remove unnecessary regulatory overlap that exists between the provincial and municipal levels of government and promote consistency across the province. We strongly believe that this is

fundamental to the success of the Open for Business program. We simply need a clear, reasonable and consistent regulatory environment to justify further investment in Ontario.

Separate permitting powers assigned to municipalities or conservation authorities cause uncertainty and lengthy approval processes. We need clear provincial policies and language that municipalities and conservation authorities will implement through existing tools and legislation such as the Aggregate Resources Act.

The government must not send signals that confuse investors, make Ontario less attractive as a place to build business, and will ultimately deny our citizens—our children and grandchildren—the investment, jobs and opportunities they need to build their lives and their communities.

Following a recent trip to one of our aggregate pits in Aberfoyle, the Honourable Linda Jeffrey, Minister of Natural Resources, wrote, "Ontario's mineral aggregate resources are critical to the economic and social well-being of our province and our people....the working relationship between the aggregate industry and my ministry will serve us well in meeting our collective challenges."

Minister Jeffrey recognized the growing demand for our product, to build homes, schools, roads and hospitals to serve our citizens.

St Marys has been involved in a multi-year licensing and permitting process for a greenfield quarry in Flamborough, and to date has invested over \$20 million in the project. Our decision to invest was based on our understanding of the resources, its value to our business and communities, and our ability to meet all technical and environmental restrictions defined under various provincial and municipal regulations.

The project will provide a minimum of 110 full-time, permanent jobs; \$80,000 a year in taxation revenue; \$4 million to government through aggregate licensing fees over the life of the quarry; and \$3 million a year spent locally with small and medium businesses for supplies and services.

However, quarrying is not without controversy, and we typically run into strong local opposition by special interest groups, which may include political, environmental or even competitive interests that do not want a quarry in their backyard. Flamborough is no exception.

The province must stand up for the greater public interest when it comes to aggregate resources. The licensing and permitting process for aggregates in Ontario often includes the expense of millions of dollars and time frames extended beyond 10 years. Since half of all aggregates are consumed by the public and product costs are passed on to the consumer, this is a significant cost to Ontario taxpayers.

We are not asking that the province's environmental standards or technical thresholds be compromised. We are simply asking for a clear, reasonable, consistently applied and predictable process for licensing and permit-

ting of Ontario's much-needed aggregate resources and the removal of duplicate reviews and approvals.

I am raising the Flamborough case as an example where St Marys Cement is involved in a long, arduous regulatory process with multiple special interest groups and duplication of reviews and approvals. We want the province to stand up for the greater public good. This will send a powerful message to investors that the investment climate in Ontario is reasonable and predictable. This is a critical requirement to attract investment to our province and ensure the future growth and prosperity of Ontario. Fixing minor parts of our legislation without a holistic, streamlined view to creating a system that works for business in the long term presents only interim relief for the short term.

St Marys urges the province to consider ways to make the system work better as a whole, as the best way to promote Ontario as "open for business" for both the aggregate industry and other industry sectors.

Thank you for your time today. I would welcome any questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Ms. Munro.

Mrs. Julia Munro: Thank you very much for coming here this morning to provide us with this analysis.

I have a couple of questions to ask. I'll start with the issue on page 2, where you talk about the need for streamlining and modernizing the approval process, particularly where there appears to be more than one agency to respond to. You specifically refer to provincial and municipal levels of government, conservation authorities etc. My question to you, then, is, do you feel that this proposed legislation is meeting your goal of having a clearer, more streamlined piece of legislation to work with?

Mr. John Moroz: I think it's a very good start. There are pieces that have made changes to streamline the process. I think it's a good start.

I think the message we would like to send as a company today is that the continued streamlining of the process and removal of some of the overlaying layers of approval authority would certainly allow us to attract investment into the province.

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Mrs. Julia Munro: That goes to my second question, because the comment that you make further down the page about how the government must not send signals that confuse investors is obviously a very critical piece, I think, in having this conversation. It's interesting too, because in the earlier presentation given by the Professional Engineers Ontario they laud the government on the fact that we're moving in this direction of harmonizing with national standards. So it seems a rather interesting comparison here, that on the one hand there's that movement towards harmonization, and on the other hand you're running into issues that would tend to put us in a less advantageous position with our competition in terms of sending signals that confuse investors.

Is this a growing issue for you, or one that you think is going to be ameliorated by the legislation that we're examining?

Mr. John Moroz: We may even be saying the same thing in different ways, because I think the legislation that we see in front of us will take us along that route. I think there has been a substantial amount of change in a lot of different areas over the past four, eight or 10 years, and what it has done is that every time the legislation has changed, it throws a question mark up in front of us: Is there another hurdle? Oftentimes, good legislation is met with people using it for different interests that it wasn't intended for. I think this legislation addresses some of that, is a good start, and by removing the ability to misuse some of the legislation would take away some of the overlapping or the duplication that we're seeing.

Mrs. Julia Munro: And I guess you might view it as a bit of a moving target, then, in terms of trying to meet, certainly when you talk about, on page 3, having spent \$20 million on one project—was that the intent when you started?

Mr. John Moroz: In terms of—I don't understand the question.

Mrs. Julia Munro: Well, did you anticipate that it would take more than 10 years and more than \$20 million?

Mr. John Moroz: Many of the licences today take that long. The Aggregate Resources Act is a very detailed process, and as you move through the Aggregate Resources Act there are a lot of steps or there's a lot of ability to question.

Mrs. Julia Munro: Just two final comments.

Further down on page 3, when you talk about, "Since half of all aggregates are consumed by the public," could you explain what you mean by "public"? I think I understand, but others might not.

Mr. John Moroz: The provincial government purchases a substantial amount of aggregate through the reconstruction of roads or bridges, hospitals, schools. So the provincial government is certainly a huge consumer of aggregate, and then the municipal governments, through either the municipal buildings or the roads that they look after. So it's one form of government or another, and then there's the private interest. A house, for instance, would be a private interest.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Committee members, none of our presenters have arrived yet and we are a bit ahead. We'll recess until one of them appears.

The committee recessed from 1015 to 1028.

SERVICE EMPLOYEES INTERNATIONAL UNION

The Chair (Mr. Pat Hoy): The committee will now come to order once again. It's my understanding that the Service Employees International Union is here and would present. If you would come forward, please.

Thank you for starting a bit earlier than your allotted time. We appreciate that. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I'd just ask you to identify yourself for our recording Hansard, and then you can begin.

Mr. Diego Mendez: Thank you. My name is Diego Mendez and I work with the Service Employees International Union, Local 2.

I'd like to thank the Standing Committee on Finance and Economic Affairs for the opportunity to present today on Bill 68. I'll actually only attempt to address the proposed changes under schedule 9 of the bill and those relating to the enforcement of employment standards.

SEIU Local 2 has about 13,000 members across Canada, and our organizing focus has been on helping workers in the janitorial industry attain labour rights and win a voice on the job.

I just want to give you a little more background on the janitorial industry to understand our position on Bill 68. It is a largely unregulated industry, and many of its workers operate in the shadows. They are often known as the invisible workforce, and they struggle in an industry that's rife with abuses. The vast majority of janitors, especially in urban areas, are newcomers to Canada. For many, English is a second language, and many are unaware of their rights here in this province. It's a low-wage, precarious industry, and while there are many employers who do abide by the ESA, the nature of the industry, which is based on competitive bidding, means many employers are in a race to the bottom to provide services at the lowest cost possible. This drives numerous employers to find ways to avoid ESA compliance, and it's often done through the creation of subcontracting schemes. These subcontracting schemes, in which employees are paid under the table, are deliberately designed to circumvent various laws, including the ESA and the Workplace Safety and Insurance Act. The scheme allows the companies to pay cleaners less than minimum wage and has them working without WSIB and without EI or CPP benefits.

Workers who are put into these precarious situations through these subcontracting schemes are often very fearful of reporting any ESA violations. These workers are the ones most in need of ESA protections, and it's therefore important that it be very accessible to them.

We understand that years of underfunding by previous governments, coupled with an increase in claims, has created a tremendous backlog in claims, and we commend the current government for beginning to tackle this issue and also to explore ways for those who are filing claims as to how their cases can be dealt with in a more expedient manner in the future. We've also been encouraged by the government's willingness to look into ways to tackle the growing problem in Ontario of precarious work, and to also work with stakeholders, including SEIU, at ways of grappling with the underground economy and violations to the employees that come along with it. We are, however, concerned that

in some cases the proposed changes in schedule 9 might, in fact, make it harder for such employees to seek redress to violations by their employers. In particular, we feel that one of the proposed changes, under schedule 9, part 8, section 96.1, could create problems.

The requirement to first take concerns to employers may be a disincentive for many to report violations. Although there are automatic exemptions, it is a potential obstacle for many who will approach this process gingerly and with a lot of fear. For many of these workers who are living paycheque to paycheque, everything will be at risk. We are concerned that this proposed change could have the effect of driving away workers who are looking to report violations, driving them further underground and creating a larger problem with respect to ESA compliance.

As already stated, we believe the effort to address the issue of workers in this precarious economy is commendable and a step in the right direction. However, we feel that the proposed change could further limit access to labour rights instead of its intended goal of making them more accessible. We recommend that the proposed change under section 9 be removed from Bill 68, and we believe that more discussion is merited. We also believe that we can come to a solution with more discussion.

Thank you for your time and consideration. I'd be happy to answer any questions you may have.

The Chair (Mr. Pat Hoy): Thank you, and this round of questioning goes to the NDP and Mr. Prue.

Mr. Michael Prue: How much discussion did the government have with you or your organization, or with labour in general, around this act?

Mr. Diego Mendez: I can somewhat answer that question. The truth is that this was dropped on my desk on Friday, just before heading up to the Bruce Peninsula.

I know my colleague has been in conversation for a number of months. I am not sure how many meetings there have been, but I think he's fairly happy with the amount of discussion that has taken place so far.

Mr. Michael Prue: That colleague would be Victor Costa, would it?

Mr. Diego Mendez: Vic Costa and Ritch Whyman have been in conversation with the office.

Mr. Michael Prue: So what you are in effect asking, then, is for further discussion, because you're not happy with what's in Bill 68?

Mr. Diego Mendez: The one particular part, 96.1. We do think that anything that smells of having to speak to your employer first, even if there are exemptions, is going to frighten people away.

Mr. Michael Prue: I would agree with you, being from Toronto, that the overwhelming majority of people in janitorial service or in that industry are recent immigrants—do you find that there is a fear among them? You've said as much. Do you find that there is a fear of going to the employer to the extent that this ought to be removed, that that step should be taken right out?

Mr. Diego Mendez: I think I see the validity in the idea of approaching an employer first for a solution. In the specific case of the industry where I'm working and janitors, it would be much better if it was removed. The fear is palpable. People are very, very afraid to approach their employers about any kind of violations.

Mr. Michael Prue: How much of the janitorial service, in your estimate, is underground?

Mr. Diego Mendez: It's hard to know for sure. There's certainly a lot. I would say there are thousands of workers. I couldn't give you an exact figure. If I was going to guess, it might be as high as 30%. There's a lot.

Mr. Michael Prue: And these workers are obviously unorganized; they don't belong to the union. Are a great many of them also undocumented people?

Mr. Diego Mendez: There are quite a number who are undocumented. So what often happens is that employers will threaten their employees, make threats around their immigration status even though it actually is not of concern to the Ministry of Labour. They'll certainly threaten them with their immigration status: that they'll be reported, deported etc.

Mr. Michael Prue: Okay, thank you very much.

The Chair (Mr. Pat Hoy): Thank you for your presentation before the committee.

Mr. Diego Mendez: Thank you for your time.

The Chair (Mr. Pat Hoy): We don't have any other presenters in the room at the moment, so we shall recess until one of them arrives.

The committee recessed from 1039 to 1048.

The Chair (Mr. Pat Hoy): The standing committee will resume once again. We've had a request that the presentation at 10:45—there was another person who also wanted to speak, so we have agreement that you would have five minutes. There would be no questioning, though.

Mr. Eoin Callan: Right.

The Chair (Mr. Pat Hoy): If you would just mention your name for Hansard, and then you can begin.

Mr. Eoin Callan: Good morning. My name is Eoin Callan. I'm with the Service Employees International Union Canada, which is a national organization. I'd like to start by thanking you very much for the opportunity to address the committee. It's an honour, as always.

As you may be aware, SEIU is the fastest-growing union in Ontario, the fastest-growing union in Canada and the fastest-growing union in North America, with 2.2 million members continent-wide. We represent more than 60,000 members here in Ontario, including more than 10,000 in the property services sector and the janitorial sector, which you will have heard a little bit about.

We also represent an additional 40,000 to 50,000 members who work in a variety of sectors, principally in the service economy. As you'll appreciate, the service economy is the fastest-growing segment of our economy in Ontario right now and indeed in Canada, but it's also the segment of the economy where we see the highest incidence of precarious employment, and where we've begun to see the emergence of an underground economy

in some key sectors. That's one of the reasons I wanted to take the opportunity to applaud the work done by the minister on the Open for Business bill that we have before us today, and in particular to praise the efforts of the Minister of Labour and his staff in terms of the diligent work that they've done in the preparation of this bill, and in particular to single out the parliamentary assistant and his staff for the excellent work that's been done on this bill.

We see this bill as part of the Premier's broader Open Ontario initiative, which aims to create a positive environment for business, attract investment and, above all, create jobs, which we see as shared goals that stand to benefit all Ontarians. In particular, we think the effort to cut red tape and to reduce any unnecessary and undue burdens on business are positive steps and steps, in turn, that should help to stimulate jobs, which again, stand to benefit all Ontarians.

Indeed, as part of his broader Open Ontario initiative, the Premier has indicated that he would like to foster high-skilled, knowledge-based jobs as well by encouraging foreign students to study in Ontario at our colleges and universities. He has particularly reached out to overseas businesses as well. We think, in the context where we are attracting and inviting others to come to Ontario to invest and study, it's particularly important that we ensure that when cutting red tape we don't create loopholes unintentionally, so that we ensure that if we're bringing foreign students, we deal with the risk that they might be sucked into the underground economy, or that they or their families might get trapped in the underground economy.

Importantly also, when we attract businesses, we ensure that they operate and compete on a level playing field, and when they come to Ontario they're expected to observe the rule of law, but they also know that they'll be competing against other businesses that respect the rule of law.

That's one of Ontario's key selling points as a jurisdiction for investments. There are lots of other markets out there in the world that might be growing at a higher rate or maybe even offer larger markets—they probably offer you lower labour costs—but what they rarely, or not as adequately as Ontario, provide is clear, transparent rule of law that you know is consistently enforced.

That is one of the incentives that brings many of the large employers in the service sector to Ontario. When we talk to companies like Sodexo, who are listed in Paris, or Compass, who are listed on the London Stock Exchange, or large property service managers like CB Richard Ellis, a large, private company out of the US, we know that that level playing field is critically important to them and we know that in many markets they enter they're concerned—in the service sector in particular—that they will compete against incumbents who are not respecting the rule of law, who are exploiting loopholes in local jurisdictions and who are undercutting employment standards in particular in these very labour-intensive service industries.

That's why we think that the efforts and determination on the part of the Ministry of Labour and its partners to address the backlog of employment standards is vital because we think the lack of processing and enforcement of claims in employment standards has been a key impediment to the creation of a level playing field in this province. So we think that addressing that backlog is critically important to creating the kind of climate that we want to attract businesses and be ready to throw open our doors to all comers—

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Eoin Callan: With a minute left, I suppose we would single out one aspect of the bill for closer examination, and that is the creation of a requirement that those filing claims under the Employment Standards Act first attempt to redress these issues with their employer. We've seen in British Columbia, where a similar rule has been applied, that this has acted as a deterrent to people to file claims. It has been a source of intimidation.

We've taken a look and we can see that there's an acknowledgement and an understanding of this possible deterrent, and that there has been an effort to address it by creating automatic exemptions. So people filling out claim forms, people for whom English may be a second language, have an opportunity to tick a box that indicates that for a variety of reasons, they're not comfortable bringing this issue to their employer first; that their employer, in their view, has violated the law and they're seeking redress from government. We see that as a positive step that is addressing the imbalance that was perhaps created in British Columbia, and we just urge close attention to this aspect of the legislation as it's translated into regulation and it's implemented to ensure that this balance that we see being sought is ultimately achieved. Thank you.

The Chair (Mr. Pat Hoy): Thank you.

CANADIAN FEDERATION OF INDEPENDENT BUSINESS

The Chair (Mr. Pat Hoy): Now I call on the Canadian Federation of Independent Business to come forward.

Good morning. I'm certain you know how this goes: You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I'll just ask you to identify yourself for our recording Hansard, and then you can begin.

Mr. Satinder Chera: My name is Satinder Chera. I'm the vice-president for Ontario with the Canadian Federation of Independent Business. On behalf of CFIB's 42,000 small and medium-sized business members in Ontario, we appreciate this opportunity to appear before you this morning on Bill 68.

Having appeared before this committee in the past, I know that members will know that the sheer volume, cost and complexity of regulations is obviously a major challenge for small firms. As we've discussed with this

committee in the past, we don't dispute the fact that, look, every government regulation has as least one laudable public purpose; in other words, it's a good thing. But from our perspective, I think an individual regulation can be a bad thing if it fails a test of effectiveness and cost-benefit analysis. The sum total of all regulations can be a bad thing if it exceeds the government's capacity to administer them or, certainly, exceeds SMEs' capacity to cope with them.

In the kits before you there are a series of documents that I'll be referring to throughout this presentation, starting with the left side.

We certainly applaud the McGuinty government for bringing in Bill 68. We think that it is a step in the right direction in terms of helping to reduce the administrative costs associated with complying with a series of government regulations. We were obviously very complimentary of the government's Open for Business initiative when it was announced some years ago. We certainly feel that things should have obviously gone a lot faster, but this is at least a good start and a step in the right direction. Certainly, I think the ministers involved in bringing this bill forward should be complimented as well.

With this regulation, I think there's obviously a series of different issues involved. One, of course, is employment standards. I think that in the discussions that we've had with the Ministry of Labour in the past, we've certainly made it very clear to them that there are often times when an employer will not know for literally months at a time whether or not there's been an employment standards allegation of a violation of the act made against them. I think, to their credit, that in this instance the ministry has listened. What they have done, I think, is quite sensible, which is to ask for more detailed information from complainants but then to work with the complainants and the affected business party to try to resolve that issue as opposed to having it dwindle, or rather, stay stuck in the long backlog which, obviously, the ministry is now trying to address.

That being said, we think that certainly, while this is a step in the right direction, there are obviously a number of pieces that are still missing as part of the government's overall plan to address regulations. As we've discussed before with this committee, there are a number of models that are currently in play in and across Canada where governments have taken steps to address the regulatory burden.

As a start, we have often stated that you cannot address a problem unless you know how big it is. To that extent, on the right-hand side of the kit there is the most recent study that the CFIB put out in January of this year, *Prosperity Restricted* by Red Tape, Second Edition. We had initially put a report together in 2005 where we looked at the actual cost of complying with government regulations at all levels of government, and as of this year we've estimated that cost to be at around \$11 billion in Ontario. Again, that's at all levels of government. Certainly you can appreciate that for smaller firms that do

not have HR departments, that do not have legal departments, that are unable to afford consultants to help them comply with government regulations, this can often be a very daunting task.

I think that in recent weeks we've seen a series of regulations or a series of changes that have gone into effect that have obviously had a huge impact on businesses—and then thereby you've also seen a reaction from consumers as well. So I think that one of the first things that we would say is that while this is a step in the right direction, we think that the government should certainly go further.

If you look at British Columbia, they have a model in place where they counted up all the regulations they had on the books and then they reported on that number on a quarterly basis, just to indicate how big the problem was and in which direction it was headed. Across to the other side of the country, in Nova Scotia, you have a different system at play. What they've done is they've counted up all the number of hours that it takes a business owner to comply with government regulations and they have then set benchmarks to reduce the number of hours that they have to spend filling out government paperwork. That model has actually succeeded, even with the recent change of government in Nova Scotia.

That's, I think, the first thing that we need to do.

1100

I think the second thing is to be able to report this on a regular basis. We know that the government had been looking at a numbers count; we haven't seen anything official from the ministry. Certainly, if there is something to be shared, we think that that would be a good start, to at least get out there, "Here's how big the problem is right now."

The Premier has talked about reducing the burden by 25%. The challenge for us is, 25% of what? From what benchmark is the government measuring that decrease? More clarity on that would certainly be well received.

Also, there is the fact that for these types of things, initiatives that governments put in place, there are obviously a lot of issues that the government has to contemplate. Priorities change and focuses change. We think one of the other lasting legacies that the government can put in place here is to actually legislate in terms of having a model where we actually count up all the regulations, but then we measure them on an ongoing basis and we publicly report that. It doesn't matter what government is in office; there would be a rule in place that would say that ministries are required to do that.

It's not lost on us that you have a higher sense of formality when it comes to budgets, in terms of a budget document being presented, but you don't have the same sort of accountability or transparency when it comes to regulations. One of the arguments that we've made in the past is that regulations certainly are a hidden form of taxation. Governments pass these rules, but it's the businesses that obviously have to comply with them, and the cost can be, as I said, quite monstrous for smaller firms.

In terms of going forward and measuring the regulatory burden, we think that that's absolutely critical. Institutionalizing the measure by reporting it regularly to the public is also important. Focus on areas that are most economically productive. Carefully consider the need for all new regulations with the impact on small business. Keep compliance flexible and provide basic examples and guidelines for what constitutes compliance and non-compliance.

I'll give you an example. Recently, we had the workplace violence and harassment legislation come out. The ministry put together a nearly 50-page manual. Obviously, we were looking for something a lot slimmer that would get to the key issues that our members had to comply with, but to their credit, they also put in place a template. What they essentially said was, "Look, if you can't go out and afford a consultant or if you're unable to put a policy together yourself, here are some basic guidelines for what the government would consider as having complied with the regulations. You simply have to read the information, include the relevant information for your business and then have it posted in an area where your employees can see it." That was one of the major recommendations that we made, and it was good to see that Minister Fonseca adopted that recommendation.

I think we need to see a lot more of that. Regulations are simply put out, sort of like a one-size-fits-all, by and large, and from our perspective, we really need to get away from that model. We've seen some examples recently, but they haven't gone far enough.

Overall, Bill 68 is a step in the right direction. Obviously, the government can go a lot further and leave a lasting legacy in an area that our members continuously tell us is a major concern for them.

Mr. Chair, with that, I'd be happy to take any questions that the committee might have.

The Chair (Mr. Pat Hoy): Thank you. You have impeccable timing.

The questioning goes to the government. Mr. Sousa.

Mr. Charles Sousa: Thank you very much for your presentation. We do appreciate the partnership and the ongoing participation with your organization in developing Bill 68 and doing some of these amendments.

Can you elaborate a little bit on your activities with the Ministry of Labour in terms of working towards the modernization that we've put forward?

Mr. Satinder Chera: Yes. In terms of this actual legislation, Bill 68, the ministry had contacted us many months ago, before the introduction, to say, "Look, we've heard from you often that employment standards are a huge concern. If we were to look at modernizing that piece of legislation, what would be one of the areas that you would see as a positive?" We raised the issue of the huge backlog and the concern that we hear from members in terms of, "I found out almost a year later that there was a complaint that was lodged against me." Certainly, we have been working in certain areas with the ministry.

That being said, I don't want to leave the committee with the impression that everything is hunky-dory with the Ministry of Labour. There are some major challenges that we face. It often appears that one step forward can sometimes be two steps back in a number of areas, and we've shared those with the committee before. But we're hoping that with this legislation, this will be a change for the better.

Mr. Charles Sousa: How do you see the registration process benefiting small business?

Mr. Satinder Chera: Sorry?

Mr. Charles Sousa: The registration process now, the proposed registration to ease the process—do you see that as a positive?

Mr. Satinder Chera: Absolutely. Wherever government can reduce the hoops and hurdles that business has to face in order to comply with government regulations, it's obviously a good thing.

As I've mentioned on previous occasions, small business owners often work side by side with their employees on a daily basis, and it's only in the evenings or on weekends that they ever get around to looking at what new regulations or laws they have to comply with. So to the extent that you can make it easier for them to digest that information, in a form that's readily available and easy to understand and comply with, that's a good thing. Certainly an online tool is something that we've advocated for.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

PARKDALE COMMUNITY LEGAL SERVICES

The Chair (Mr. Pat Hoy): Now I call on Parkdale Community Legal Services to come forward, please.

Good morning. You have 10 minutes for your presentation, and there could be up to five minutes of questioning following that. I would ask you to identify yourselves for our recording Hansard, then you can begin.

Ms. Irina Ceric: My name is Irina Ceric. I'm a staff lawyer at Parkdale Community Legal Services.

Ms. Arvindi Sukhram: My name is Arvindi Sukhram. I'm a law student at Parkdale Community Legal Services.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Irina Ceric: Good morning. Parkdale Community Legal Services, or PCLS, is pleased by the government's commitment to address the backlog in claims and improve the employment standards claims process. The number of complaints against employers for unpaid wages is on the rise and so is the backlog in dealing with these violations, so the changes in schedule 9 of Bill 68 provide a needed legislative framework for the employment standards modernization strategy and the Ministry of Labour's efforts to resolve the 14,000 claims that are currently backlogged.

These efforts are certainly commendable. We at Parkdale see the impacts on workers who must wait a year or more to have their complaint heard. We definitely see workers who wait up to two years to get unpaid wages which should have been paid in the first place.

We do believe, however, that the legal changes contemplated in Bill 68 and some of the changes proposed under the employment standards modernization strategy will not address the causes of the backlog or meet the goals of addressing and preventing further backlogs. We believe that some of the strategies being proposed would add additional burdens and barriers to workers. In our experience, workers already bear substantial burdens in obtaining their employment standards rights, as I'll describe in a moment.

Workers cannot take on more of the enforcement of minimum standards, particularly without support, as is unfortunately proposed under schedule 9. This perspective was reiterated by community caseworkers in focus groups held by the Ministry of Labour, as well as by people engaged in precarious work surveyed by the Workers' Action Centre, who you'll be hearing from this afternoon.

The Ministry of Labour's employment standards modernization strategy in schedule 9 will make substantial changes to the employment standards complaints process. We believe that comprehensive consultation is required on such substantial changes, and we actually recommend the removal of schedule 9 from Bill 68.

Alternatively, we believe that meeting the goals of addressing the employment standards backlog and improving the claims process requires the establishment of supports for workers, not barriers.

We make the following four recommendations.

First, do not require workers to attempt self-enforcement before filing an employment standards claim. Bill 68 requires workers to first try to enforce their ESA rights with their employer before filing an ESA claim. That means workers have to identify their ESA rights, determine what rights were violated and the amount of wages owed, write up a request for these unpaid wages, and contact their employer to request ESA entitlements. Only if the employer refuses can a worker then file a claim with the government. Bill 68 allows for some workers to be exempted from this requirement. We believe this requirement for a first self-enforcement step will create barriers to workers seeking unpaid wages and reduce the effectiveness of the branch in detecting ESA violations. British Columbia introduced mandatory first-step self-enforcement, which they called self-help, requiring workers to seek employer compliance prior to filing a claim. After introduction of this requirement in 2002, claims dropped from over 12,000 a year to between 3,400 and 6,500, an immediate drop of 46%. In 2009, seven years later, the total was still 42% lower than what was reported in 2002, even though the labour force had grown by 15% during that time. Policy analysts and advocates from BC argue that it is not because the workers are getting their unpaid wages; rather, the

decline is due in large part to barriers created by the mandatory self-help step.

1110

A requirement to seek compliance from employers effectively requires workers to have access to the Internet to learn about their rights; knowledge about how to apply abstract legal rights to their specific conditions; the ability to gather evidence to prove their case; and the opportunity and facilities to assemble, package and deliver this material to former employers. Most significantly, mandatory self-enforcement requires that workers will have the skill set and the confidence to confront their former employer about violations. None of these assumptions are borne out by our experience assisting workers in a community-based legal clinic.

The second recommendation: Do not require workers to provide specified information on claims before the claim will be accepted. Bill 68 would require workers to provide certain information about their employer and violations and state their case before the claim is even accepted. We believe that the information requirement will create barriers to workers, particularly those with language and literacy barriers. Rather than make this information a requirement, we believe the Ministry of Labour should provide assistance to workers making ESA claims to ensure that the information that is necessary for effective and efficient claims investigation is provided on the ESA claim form.

In our experience, workers are unable to produce written information, evidence, and make their case, because they require help to do so. The Ministry of Labour's employment standards complaint system relies heavily on individuals being able to access their website. In fact, employment standards stand alone in the regulation of employment rights in having no government- or quasi-government funded assistance for workers who believe their rights have been violated. The government provides direct and indirect funding for information, education and legal support in the areas of human rights, workplace safety and insurance, and health and safety, but few legal supports for workers requiring assistance in ESA matters exist. Ontario's community legal clinic system provided ESA representation in very few cases and gave advice to just over 850 workers in 2008. There are no legal aid certificates available for employment standards matters, and the fact that there's a maximum \$10,000 cap on employment standards claims means that very few private bar lawyers would represent workers on ESA matters.

As our third recommendation, we ask that you exempt complainants from time limits on submitting evidence and establish clear and transparent time limits for employers. Rather than providing new powers to employment standards officers to set time limits for employers and workers to provide information or require participation in decision-making, we believe the Ministry of Labour should set clear and transparent time limits for employers to respond to complaints of ESA contraventions. Where the employer does not respond, the

employment standards officer shall render a decision on the basis of the complaint. This is the approach already taken in human rights cases and in Small Claims Court, and would better serve to reduce the backlog and expedite the claims process in employment standards.

Finally, our fourth recommendation is related to facilitated settlements, and this is the recommendation that I want to focus on. Section 101.1 of schedule 9 of Bill 68 will give employment standards officers new powers to “attempt to effect a settlement.” Under the current section 112 of the ESA, the employer and employee may enter into a settlement, but it is not the role of the officer to attempt to negotiate, promote or broker settlement agreements. The proposed changes would allow officers to facilitate settlements. Employers and employees would be given the option of discussing settlement with the officer playing a mediator role. Should settlement not be reached, the officer would resume investigation and decision-making.

We argue that combining settlement negotiation and adjudication in an investigation, with the ESO playing both roles, is not a fair process. In other regimes, in particular human rights regimes, and most courts as well, mediation and adjudication are kept completely separate. It is very difficult for parties to have negotiations without prejudice if the decision-maker is also the mediator. Workers and employers may feel they cannot refuse settlement negotiations lest they be penalized in the final decision on their claim.

Additionally, ESA claims investigations involve unequal parties. Facilitating settlement is contrary to the remedial purpose of the legislation, to address the power and balance between employers and employees.

Similarly, workers’ advocates in the human rights process find it hard to mediate settlements with small workplaces because the situation between employer and employee often becomes poisoned or very personal. In fact, the majority of employment standards claims involve workplaces of less than 50 employees.

Mediation is also usually used to avoid lengthy and resource-intensive court proceedings. Facilitating settlement in the ESA process may not provide any time and resource savings in comparison to decision-making. In fact, it could take the same time in going back and forth between parties facilitating settlement as it would to hold a decision-making meeting and render a decision by an ESO. Rather than offering the employer a carrot of settlement at less than minimum standards, institute a stick approach with enforceable penalties for non-compliance that would ensure workers get the wages owed to them.

The ministry says that the mediation would be optional and used in cases where violations are not clear or in cases of “he said, she said.” But it is these cases, where employers are trying to evade or avoid the ESA—so, for example, misclassification of workers as independent contractors; work paid under the table—these are the less straightforward cases. In fact, workers in these kinds of cases often have only their experience

and don’t have any written documentation, especially in more informal work arrangements. In other words, it will be these situations, which are most in need of regulation, that will be shifted to mediation.

Settlements would generally be below minimum standards. Establishing a role for ESOs to facilitate settlements institutionalizes the contracting-out of minimum standards, which is contrary to the act. Moreover, institutionalizing a role for the ESO doing the facilitated settlement risks leading to general lowering of the floor as employers come to expect that they can settle for less than minimum employment standards through this process. We argue that it would pay repeat offenders to settle claims to avoid detection and penalties.

In other words, institutionalizing facilitated settlements is a slippery slope. Even with the principles or criteria to determine what cases will be mediated, there develop operational imperatives on individual ESOs to close files. The early 1990s saw just such a spike in ESA claims and resulted in a process where ESOs were compelled to settle cases just to close files. Without additional resources, we fear the pressure will be again on ESOs to settle more cases and close files, reducing the enforcement effectiveness of the branch.

In conclusion, Parkdale Community Legal Services believes that the modernization strategy shifts the model of employment standards enforcement from detection of violations and enforcement of minimum standards to dispute resolution between employers and workers. Shifting to even greater self-regulation by employers will result in more violations going unreported and unenforced. This will create a downward pressure on employers who do comply with employment standards as they compete against employers who do not. Compliant companies will get priced out of the market by substandard employment conditions, and practices of non-compliance will spread and become permanent features of a restructured labour market.

Bill 68 may make Ontario open for business but it will be closed for workers seeking minimum employment rights. To open the doors for effective employment standards, schedule 9 should be removed and the Ministry of Labour should shift resources to provide assistance to workers filing employment standards claims.

Those are our submissions. I am pleased to take any questions you may have. Thank you, Mr. Chair.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to the official opposition, Ms. Munro.

Mrs. Julia Munro: Thank you very much for coming and providing us with this analysis.

I just want to ask you about some figure issues, maybe, and that is the question of, I guess, rogue employers. What happens to someone, then, who finds themselves in that position? Let’s assume that, obviously, there isn’t going to be self-enforcement as the bill contemplates. What happens in a process where an employee does make application, say, to ESA? Does the ministry

have much ability with regard to the treatment of employees in a rogue employment setting?

Ms. Irina Ceric: I'm not certain exactly what you mean by "rogue employers." I'm assuming, then, that employers that may have changed—let me tell you about the examples that we see: employers who close down one business only to start a very similar business under a different name; employers who change offices; employers who basically disappear. I think in those cases, we do have very limited enforcement options. Even when we can then find the employer—for example, find the directors and have a claim issued against them personally—enforcement is a huge problem. The enforcement rate for employment standards is about 23%. I think a lot of that 77% that doesn't get enforced is exactly these kinds of employers, who have learned how to sort of get around the limited enforcement system that exists, where claims go to a private collection agency if the employer doesn't pay. They don't have the same enforcement powers that a court does, unfortunately.

Mrs. Julia Munro: Just to follow up on that: In your opinion, how big an issue is this? When we look at the lineup of people wanting to be heard, with legitimate concerns—how big is this issue of the people who change addresses or change names, in relation to that 20,000 people who are lined up?

Ms. Irina Ceric: The 14,000—that's just the backlog. That's not even contemplating the cases that are coming into the system which are not considered backlog.

1120

I think the situation of rogue employers is certainly a large part of that, but a lot of other problems, I think, are much more prosaic. I think a lot of this is just about the timelines for investigation: the fact that ESOs are often overburdened and that it takes months for them just to even look at a case. But I think the numbers are also, despite the fact that they're huge in the sense that the system is backlogged, just the tip of the iceberg.

I think there are a lot of employees who never make a claim, either because they don't know that they can or because they try and do it on their own, it's too hard and they can't get help. I think there's a huge need for enforcement of employment standards in Ontario.

Mrs. Julia Munro: Some time ago, there was the issue of making sure that employment standards were visible, in different languages and things like that, which were obviously all intended to try to open up that avenue. How successful is that? I mean, obviously, in one of the rogue employment situations they're not going to be posting signs. But in the others, would you say that that process has worked to the benefit of employees?

Ms. Irina Ceric: As I said, I think it's commendable. I mean, the employment standards branch does provide a poster which is supposed to be posted in every workplace in Ontario. It's available in different languages as well.

I think where the problem comes in is not necessarily that information gets out there, but again, it's about enforcement. Even if workers are aware of some of their rights—and often, not all of their rights or how to

actually articulate them—as per the statute, the bigger issue is translating that into a claim, getting the assistance in translating that into a claim and then enforcing it if that claim is actually upheld. So I think there's an information problem on the one hand, but I think there's an even bigger problem in terms of translating that information into action for both individual workers and for industries as a whole in terms of doing workplace inspections and not waiting for individual employee claims to investigate employment standards.

Mrs. Julia Munro: My final question, then, is: Is there, as you understand it, some sort of risk management in terms of—are there areas that would be more prone to this kind of abuse than others? Are you aware of the ministry making that kind of assessment, given the backlog?

Ms. Irina Ceric: In terms of risk management, I think that there has been an attempt to address certain industries where we know that there are widespread violations. I think the changes to the act in the last several years around temporary agencies or live-in caregivers are good examples of that. But I think there are also huge risk management issues in terms of particular communities: workers who are new immigrants, workers who don't have strong English or French skills and, again, workers who are working in the industries that remain very subject to these kinds of problems, like the construction industry, the garment industry and workers working at home or for multiple employers who are seen as independent contractors even though they're actually employees. I think there's still a wide range of sort of informal or not-quite-standard employment situations that are just left out of the act in terms of effective enforcement.

The Chair (Mr. Pat Hoy): Thank you, and thank you for your presentation.

Ms. Irina Ceric: Thank you.

The Chair (Mr. Pat Hoy): We will recess until 1:10 this afternoon.

The committee recessed from 1128 to 1315.

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will come together for this afternoon's meeting.

WORKERS' ACTION CENTRE

The Chair (Mr. Pat Hoy): Our first presentation will be by the Workers' Action Centre; if you'd come forward, please. You can sit anywhere along there. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. Just identify yourselves for our recording Hansard and then you can begin.

Ms. Sonia Singh: I'm Sonia Singh from the Workers' Action Centre.

Mr. Raul Aguilera: My name is Raul Aguilera. I'm a member of the Workers' Action Centre.

Ms. Sonia Singh: On behalf of the Workers' Action Centre, I'd like to thank the members of the Standing

Committee on Finance and Economic Affairs for hearing our deputation today.

My colleagues from Parkdale Community Legal Services earlier submitted to the standing committee a joint submission from our organizations regarding schedule 9 of Bill 68.

We are here today to voice our opposition to the changes to employment standards in schedule 9 of Bill 68, which we believe would create more barriers for workers making employment standards claims while making it easier for employers to avoid paying what they're required to under the law.

These changes that are being contemplated or introduced under Bill 68 would profoundly restructure employment standards enforcement in this province. The introduction of mandatory self-enforcement of ESA rights, facilitated settlements, and requiring information and case explanations from workers before claims can be filed will only place more burdens on to workers who we feel are the most vulnerable and have the least resources when making a complaint.

Such fundamental restructuring of investigations of employment standards requires a much broader consultation than is possible in this committee's review of this omnibus bill. We therefore recommend that schedule 9 be removed altogether from Bill 68.

Just to give you a bit of an introduction, at the Workers' Action Centre, we receive calls from and work with hundreds of workers who are facing violations of their basic rights at work. Over the last 10 years, we've worked to highlight the rise in precarious work, the rise of low-wage jobs, and the increasing spread of employment standards violations. A recent survey that was profiled in the Toronto Star two weeks ago—it was a survey of workers in Chinatown by the Chinese Interagency Network—found that violations were the norm and not the exception. This has been our experience in workplaces across Ontario.

It's in this context that we are seeing complaints rise at the Ministry of Labour, and the ministry is experiencing a significant backlog of claims. It means the workers we are working with are often waiting for more than a year to have their complaints heard. That's not even to get basic wages. That, if they get them at all, will take even longer.

We know that the majority of Ontario's six million workers rely on basic employment standards protections as their only protection. It's workers in low-wage and precarious jobs, who are the least able to negotiate their wages and working conditions, who are in the most need of accessible, effective and enforced employment standards. We know that the ministry realizes the system needs to be improved, yet they're bringing in changes that would add additional burdens and barriers for workers instead of making it easier for workers to get help.

I want to speak to mandatory self-enforcement. Bill 68 would require workers to first try to enforce their ESA rights with an employer before filing a claim. Only if the

employer refuses can workers file claims with the government. We use the example from an article in the Toronto Star this morning: If someone has been robbed, we don't force them to go and confront the thief and ask for their property back before they can go and make a complaint with the police, but this is in effect what Bill 68 asks the worker to do.

Raul Aguilera, a Workers' Action Centre member, is going to speak a little more to this issue.

Mr. Raul Aguilera: Hi. My name is Raul Aguilera. I'm here today because I feel it's important to stop changes in Bill 68 that would put more responsibility on to employees to resolve problems of unpaid wages with their employers.

I had an experience in Vancouver where my employer refused to pay my salary. Before making a complaint with employee standards, it was a requirement that I had to talk with my employer.

Requiring workers to go back to their employers before they can make a complaint is unreasonable and very intimidating to workers, and sometimes could even expose workers to violence and intimidation. In my case, when I visited my employer to ask for my wages, he refused to talk to me and he pushed me. I never expected that situation. This physical assault made me feel very frustrated and alone. There was no respect for my rights.

If Bill 68 goes ahead, many workers in Toronto will face the same situation that I did. Workers already face a lot of barriers to making complaints. People are afraid to speak out for their rights. In many cases, when workers speak to their employers about their rights, they are afraid. A mandatory self-enforcement step means that to make a complaint for unpaid wages, workers must already have left their jobs or be prepared to be fired for confronting their employers about ESA violations.

Introducing mandatory self-enforcement will result in many workers walking away from seeking wages, as was the case in British Columbia. After British Columbia introduced mandatory first-step self-enforcement in 2002, claims dropped from 12,000 per year to between 3,400 and 6,500, an immediate drop of 46%. In 2009 the total was still 42% lower than was reported in 2002, even though the labour force grew by 15% over that time. Policy analysts and advocates from BC argue that it's not because workers are getting their unpaid wages. Rather, the decline is due in large part to barriers created by the mandatory self-help step.

1320

The mandatory requirement to talk to your boss will not work any better in Ontario than in BC. We want the government to be aware of the consequences of this change. We ask that the government not make this modification to the basic law that protects workers in Ontario.

Thank you.

Ms. Sonia Singh: The Ministry of Labour consulted about these proposed requirements with a diverse group of workers, community legal workers and front-line workers in May of this year. In both of the focus groups, participants stated unequivocally that contacting an

employer prior to filing a claim should remain entirely voluntary.

The Ministry of Labour is proposing some exemptions for groups of workers or certain situations, but there are many workers who would still face substantial barriers in contacting their employer. Further, we're very concerned that the proposed exempted workers and situations will simply create a confusing patchwork that will itself become a barrier to people understanding how to proceed.

Just to reiterate, we strongly recommend that workers must be able to voluntarily choose self-enforcement without losing their right to file an employment standards complaint, and we urge the removal of this requirement from Bill 68.

Bill 68 also would require workers to provide information about their employer and arguments about their case before a claim would be accepted. However, there is no commitment in this bill to provide support to workers filing claims. While the intent of this provision is to reduce the amount of time that employment standards officers spend obtaining information from workers during the investigation, this assumes that the claim form is not being filled because workers have access to the required information but for some reason are not providing it. In our experience, workers are unable to prepare or produce written information and make their case because they require assistance to do so. It's very challenging for workers to get access to information about their ESA rights, interpret these rights to their situation, calculate the wages that are owing to them and make complex legal arguments, all without support. Many workers that we come across at the Workers' Action Centre face barriers due to verbal and written English language skills, computer literacy and legal literacy.

Employment standards is one of the only areas where there is no government- or quasi-government-funded assistance and there are few other legal supports for workers requiring assistance in ESA matters. One of the most effective strategies, therefore, to streamline the process and reduce the backlog would be to provide, as a first step in the claims process, assistance to workers to prepare their claims so that investigators can expeditiously adjudicate the matter. We therefore urge that specified information not be made a requirement before a claim is accepted and that the ministry instead provide assistance to workers filing claims.

I want to speak briefly to the issue of time limits. Bill 68 would enable officers to require employers and employees to provide evidence within time limits set by the officer and would empower officers to make decisions on claims when either party fails to attend the decision-making meeting or provide evidence on time.

We have seen that it is much more difficult for employees to provide documentary evidence than it is for employers. Employers are required to maintain certain employment records. Workers may not have access to pay records and employment contracts, and they must

rely in many cases on their own experience. Putting that experience in writing is often a difficult process for some workers. Furthermore, employers have greater access to human resource professionals and legal services in preparing submissions.

Therefore, it's our position that complainants should be exempted from time limits on submitting evidence. We do support the establishment of clear and transparent time limits for employers. We would suggest that employers be given 20 days to either resolve the matter with the employee or provide submissions contesting the claim. When an employer fails to respond or provide submissions, then the ESO should render decisions on the available information provided by employees.

My colleague earlier this morning spoke to our joint concerns over the facilitated settlements contemplated in Bill 68, schedule 9. I won't speak further to that other than to say that we also urge that facilitated settlements of ESA claims by ESOs, or employment standards officers, not be introduced and the current rules on settlement be maintained.

To conclude my remarks, we are very concerned that rather than reducing the backlog and encouraging employer compliance, changes to employment standards through Bill 68 will only create more burdens on workers and barriers to unpaid wages.

It's our experience that workers already bear a substantial burden in obtaining their employment standards rights and cannot take on more of the enforcement of minimum standards, particularly without support, as is provided through Bill 68.

Bill 68 may make Ontario open for business, but it will be closed for workers seeking minimum employment rights. To open the doors for workers to get unpaid wages, schedule 9 of Bill 68 should be removed and the Ministry of Labour should shift resources to provide assistance to workers filing employment standards claims.

Thank you very much for hearing our deputation.

The Chair (Mr. Pat Hoy): Thank you. This round of questioning goes to the NDP and Mr. Prue.

Mr. Michael Prue: Thank you very much, and thank you as well for the press conference. You guys did a pretty good job in there.

One of the things that government members are saying is, "It's okay, we're going to exempt a whole bunch of people from having to go and confront their employers." They've listed them off but for the life of me, I don't know how this is going to work. They're talking about young workers. Have they discussed with you what the ages for young workers are? Is it someone under 21? Is it someone under 25? Have they discussed that at all?

Ms. Sonia Singh: No, we haven't heard any details about how some of those exemptions would be interpreted, and we shared that concern. Who determines, for example, language barriers? Who determines how much of a language barrier someone needs to have in order to be exempted? Our concern is that these exemptions will create a whole patchwork that is a very confusing

framework, and furthermore that there will be no appeal rights. If someone is determined to be too old to be a young worker for example—

Mr. Michael Prue: Or how about too old? Why not old workers? I don't understand.

You've already touched on the language barriers; have they discussed how they're going to test that?

Ms. Sonia Singh: No, we haven't heard any details on that, and that is a big concern of ours: How would that be determined and who makes that determination? If you don't agree with the determination, there's no right to appeal. You just would not have the option to go forward without contacting your employer.

Mr. Michael Prue: Or they say if you have a disability—have they defined—is this under the Ontarians with Disabilities Act? Because that's pretty broad; that's probably 10% or 15% of all Ontarians right there. Is that what they've said, or does your disability have to be profound?

Ms. Sonia Singh: Again, we haven't seen how these exemptions would be put into practice.

Mr. Michael Prue: And then they said, "Workers who are afraid to contact the employer"—does the worker simply have to say, "I'm afraid to contact the employer" and then they're exempt? Have they said that?

Ms. Sonia Singh: Again, we're not clear. We think that it's definitely positive that the ministry recognizes that workers would be afraid to contact employers and that that would be a substantial barrier. So we're not clear why this is being made mandatory at all. Definitely, why not suggest to employees that if they like, they could contact an employer? Why not provide tools, as the ministry has some already available on the website? But to make it mandatory is simply a step in the wrong direction. It's not going to compel employers to follow the law; it's just putting more barriers for workers.

Mr. Michael Prue: Obviously the government, in my view, is trying to save some money; this is all about saving money. It's two-pronged. First of all, 42% of the people in British Columbia didn't do it. So that's going to help them in terms of saving money. Second of all, they're not going to have to hire the employment standards officers that they know and I know and everybody in the Legislature knows are really needed.

What is your view? Is your view that we should simply do what is necessary and hire the employment standards officers and empower workers to get their money back?

Ms. Sonia Singh: I think we need to see a variety of strategies. One certainly is increased resources for the Ministry of Labour; that's very important. But we also need to see a higher cost to employers for breaking the law. Right now, the penalty is very minimal, if there is a penalty at all, and Bill 68 takes us in the other direction. It says that employers could settle for less, so what kind of message is that sending employers? That you can break the law, get off scot-free and in fact pay less than what you should have had to in the first place.

That's certainly a step. And support to workers is absolutely essential, support in filing claims and interpreting how the law applies to their situation.

Mr. Michael Prue: This bill's title is Ontario is open for business. It doesn't say that it's open for workers. It doesn't say that it's there to protect people. It's there, open for business, to make it easier for business—I guess some bad businesses—to rip people off. Am I wrong in that assessment?

1330

Ms. Sonia Singh: I think, certainly, there are employers out there that look for opportunities, when they see that there's a less than 1% chance of facing an inspection in the province of Ontario—I'm sure that many of us, if we saw that the odds of being caught are that low, might think twice about whether we were going to follow the law. I'm sure all of us are law-abiding in this room, but certainly those are very low odds of getting caught. We are surprised to see these kinds of changes to employment standards in such a big, omnibus bill in the middle of the summer when it's very hard to have a broad public consultation. That's why we're recommending that schedule 9 be taken out of Bill 68. Let's continue having this discussion and this debate in a broader sense.

The Chair (Mr. Pat Hoy): Thank you, and thank you for your presentation.

Ms. Sonia Singh: Thank you very much, members of the standing committee.

CANADIAN MANUFACTURERS AND EXPORTERS

The Chair (Mr. Pat Hoy): Now I call on the Canadian Manufacturers and Exporters to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. If you'd just identify yourselves before you begin.

Mr. Ian Howcroft: Good afternoon, everyone. My name is Ian Howcroft and I'm vice-president of the Canadian Manufacturers and Exporters, Ontario division. With me is Paul Clipsham, our director of policy and business intelligence.

On behalf of the CME, I'd like to thank the committee for the opportunity to present today on Bill 68, the Open for Business Act. In our view, this is a very important piece of legislation that will improve the environment for investment in Ontario, and we strongly support this act and the direction and intended objectives.

Before we comment specifically on Bill 68, I wanted to provide a little bit of comment or context on the importance of manufacturing and why we think this type of direction is so much needed. We're emerging from a deep and protracted recession. The manufacturing and exporting sector bore the brunt and the damage from the meltdown in the credit markets around the world and the subsequent slowdown in the economy of our largest trading partner, the United States.

The impact of the recession can be seen in a few statistics. Between August 2008 and August 2009, we saw exports fall by approximately 32%, manufacturing sales across the country fell by 20% and production fell by 25%. There were 200,000 manufacturing jobs lost in the country during that time—over half a million since 2004; 62% of manufacturers across Canada laid off workers, not counting closures; and 21% of manufacturers across Canada cut their workforce by more than one third. These were very serious measures to deal with very serious economic challenges.

Notwithstanding those facts, manufacturing still matters to Ontario and we appreciate the government's support and initiatives to help manufacturing regrow and retain the importance it does play in the economy—still the largest single sector in the economy, employing 800,000 directly, and almost 1.5 million indirectly are dependent on manufacturing. It provides 70% of the R&D in the business sector; 85% of all new technologies are commercialized in Canada by manufacturers; 30% of all business taxes come from manufacturing; and for every dollar invested in manufacturing, it generates over \$3.25 in total economic activity.

I'd also like to point out that the importance of environmental issues is a key for manufacturers, as it is for all of us. During the years 1990 to 2007, we saw manufacturing production in Canada rise by 75% while greenhouse gas emissions in manufacturing fell by 10%. So I just wanted to make sure that we understand the importance of manufacturing and why we're supportive of the Open for Business Act, which will help us deal with some of the ongoing challenges that we have.

Manufacturers have, on a more optimistic note, been at the forefront of the recent recovery. In Ontario, manufacturing has been up 22% over the last year, which is very positive news, but, again, it's all relative, given how far we've fallen.

While the recovery is certainly evident, there are a number of obstacles to a full recovery, including the volatility and rapid appreciation of the Canadian dollar, overcapacity in many industrial markets, the availability of financing restrictions in export markets and the mounting costs of regulatory compliance.

CME is encouraging all government levels to review and modernize their legislation, the regulations and the processes that are required; eliminate any unnecessary issues; harmonize rules and procedures as much as possible; and improve the management of government to encourage a more efficient and effective regulatory burden. We are encouraged by this initiative and we think it goes a long way to help reduce the process cost and the regulatory cost, which will allow businesses to focus on what they can do to help the economy continue to grow and hopefully to thrive.

To talk about some of the substantive issues in the bill, I'll turn to Paul Clipsham, our director of policy and business intelligence.

Mr. Paul Clipsham: Thanks, Ian.

As Ian mentioned, CME is generally very supportive of the government's Open for Business initiative and the contents of Bill 68. In particular, CME strongly supports the move to a risk-based approach to certificates of approval. In the past, businesses have had to wait an unacceptably long time for C of A's on items that are commonly approved and should have been deemed low-risk. The move to a risk-based approach will ensure that low-risk projects are approved quickly to ensure that business opportunities are not lost, while focusing Ministry of the Environment resources on higher-risk, more complex applications. We anticipate this will result in improvements to both the natural and the business environment.

CME also supports the removal of unnecessary citizenship requirements for professional engineers. Manufacturers are increasingly sourcing engineers from an international pool of talent. These requirements had in the past proved cumbersome for employers and functioned as a constraint on business activities.

Changes to the powers assigned to employment standards officers, we believe, will result in reduced administrative time and resources for government and will improve the dialogue between employers and employees to resolve complaints early, before they escalate. However, we would also like to highlight a concern about the potential that expansion of the powers of an employment standards officer could result in unintended consequences if, for example, those powers were applied inconsistently or excessively. The Ministry of Labour must ensure that inspectors are properly trained to deal with complaints. We will continue to assess the impact of this change on our membership and will provide further input to the members of this committee as necessary.

While CME is generally supportive, we have a concern with one aspect in particular that does not reflect the Open for Business moniker. The Open for Business Act makes changes to the application of administrative penalties under the Environmental Enforcement Statute Law Amendment Act that are of concern to many manufacturers.

The proposed wording of Bill 68 would enable penalties to be applied by either a provincial officer or a director. It should only be a director level, as defined in the MOE organizational hierarchy. This is at a more restrictive, more senior level to ensure broader oversight. It is also critical that businesses have the ability to appeal, to ensure that the principles of natural justice are recognized and upheld.

In conclusion, we certainly appreciate the opportunity to provide comments and demonstrate business support for this legislative package. Thank you, and I'm happy to take any questions at this point.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government. Mr. Sousa.

Mr. Charles Sousa: Thank you very much for your presentation. We appreciate you being here during these consultations. It's important to recognize that we are in consultations and we're listening to all stakeholders rela-

tive to the issues being brought forward. So we're listening.

I note in your submission three items particularly, one being C of A's and the Ministry of the Environment's application to low-risk in order to expedite those matters that are of a lesser impact. Presumably you're in agreement, based upon your submission.

You talked in your written submissions about the unnecessary citizenship requirements for engineers and that you're in concurrence with that, and of course we've had some discussions already today in regards to the Ministry of Labour.

In discussion with regards to the Ministry of Labour, have you been having contact and discussions with the ministry around the issues that are being brought forward?

Mr. Ian Howcroft: We have had many discussions with the Ministry of Labour with regard to improving the employment standards situation, the backlog that they are experiencing, and finding ways to deal with that. I think the ministry recognizes that it's better to avoid complaints in the first instance, so if you can solve those issues before they become an employment standards complaint, you can focus the employment standards officers and the resources necessary on those that are really problematic. The vast majority of employers and workers in Ontario are honest, law-abiding citizens who want to do the right thing, so making them aware of what those obligations are will help to clarify issues.

Most employers want to make sure they're doing the right thing. They are not trying to take advantage of workers; they're not trying to do anything that's in violation of the law. We think the government should continue to focus on those few bad employers and those few bad workers that need to be addressed specifically, but don't try to paint all employers as bad, trying to take advantage of vulnerable workers, because most employers and most of our members are very small enterprises themselves. They don't have a lot of resources. They have the same challenges that were mentioned earlier today around not having access to lawyers, etc. So I think we have to look at how best the government can help that, and solving complaints before they become official, formal complaints will go a long way to allowing the government to focus on the real problem.

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Mr. Charles Sousa: The government's concern, and that of the committee, is to ensure that employees' rights are protected and that they do have an avenue by which to take action when they feel it's necessary. A number of exemptions, as was already highlighted by my colleague, exists in terms of those most vulnerable—those with language difficulties, those who feel intimidated in dealing with the employer. But there's also an option for them to choose not to deal with the employer. What is your reaction to that? They have the option, for whatever other reasons they may have, at their disposal not to go directly to the employer first. In some cases, that may not take place.

Mr. Ian Howcroft: I'm not sure if I understand your question.

Mr. Charles Sousa: They have an option to say, "We'd rather not talk to the employer." We recognize, I think, based on the expedition of these issues, that we want to get them resolved earlier than later. As it stands now, some of the stuff does take a long time to get resolved. Having them deal with the employer initially may help resolve/mediate the issues, but they have the option not to do so.

Mr. Ian Howcroft: Well, I think if you can resolve an issue as early as possible, it goes a long way to solving it before it becomes a bigger problem and a bigger challenge. I had the benefit, perhaps, of starting my career as an employment standards officer, so I know exactly the challenges that were being dealt with. You can see where problems escalate.

If you can solve it through communication, raising it with the employer—a lot of times it's because they weren't aware of the whole situation—talking with your employer and the employees can go a long way to solving a lot of those problems. I think that's probably the best way to start in the vast majority of cases.

For the few cases where there are problems and challenges, I think you're right: You would have the recourse to go that way. But I think the vast majority of complaints can probably be dealt with a lot more expeditiously by making sure the employer and employee are aware of what the situation, what the challenge and, most importantly, what the solution may be in that case.

Mr. Charles Sousa: Very good. Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

ONTARIO FEDERATION OF AGRICULTURE

The Chair (Mr. Pat Hoy): Now I call on the Ontario Federation of Agriculture to come forward, please. Good afternoon. You have 10 minutes for your presentation, and there could be up to five minutes of questioning. I would just ask you to identify yourselves for our recording Hansard, and you can begin.

Mr. Mark Wales: Thank you. My name is Mark Wales, and I'm the vice-president of the Ontario Federation of Agriculture.

Mr. Peter Sykanda: My name is Peter Sykanda. I'm a policy researcher with the Ontario Federation of Agriculture.

Mr. Mark Wales: Mr. Chairman, committee members, the Ontario Federation of Agriculture welcomes this opportunity to present our perspective on the Open For Business Act, 2010.

We caution government to carefully consider all the implications on individuals and businesses when considering which statutes and regulations merit being repealed or revoked. The voices of all sectors impacted by statutes and regulations must be carefully considered before action is taken.

A brief summary of our recommendations:

In regards to the Drainage Act, the Ontario Federation of Agriculture supports all of the proposed amendments to the Drainage Act, schedule 1, namely streamlined processes; repeal of requisition drain provisions; and repeal of section 83, polluting a drain. Repealing section 83 will not jeopardize the environment. Statutes such as the Environmental Protection Act and the Ontario Water Resources Act carry much stiffer penalties. We're not aware that, historically, section 83 has ever been used, and it carries a very small maximum penalty.

The Livestock, Poultry and Honey Bee Protection Act: The Ontario Federation of Agriculture supports the proposed changes to compensation for livestock, poultry and honeybees killed or injured by predators. We believe the proposed order-in-council programming addressing wildlife damage to livestock, poultry and honeybees will better serve producers if all of the following principles are included: that the list of predators be expanded beyond current wolves, coyotes and bears; that the list of eligible livestock and poultry be expanded beyond cattle, horses, sheep, goats, swine and poultry; that livestock guard animals—dogs, donkeys, llamas—be treated as livestock; that compensation reflect true market values; that the provincial government reimburse municipalities for their costs in running this program; that the appeal process from the Livestock, Poultry and Honey Bee Protection Act be retained; and that the Ontario Ministry of Agriculture, Food and Rural Affairs' policy on setting a value for newborn calves, lambs and kid goats be retained.

The Oil, Gas and Salt Resources Act: The warrantless search provisions proposed for the Oil, Gas and Salt Resources Act are an affront in a free and democratic society. Likewise, the incidental pass-through provisions proposed for the Oil, Gas and Salt Resources Act are entirely unwarranted and unnecessary. Every farm in Ontario where oil or gas is produced or gas is stored has road access. Access through a neighbouring farm is unnecessary. Neither provision recognizes on-farm biosecurity or the natural hazards such as livestock, livestock guard dogs, ponds, manure lagoons etc. on farms.

As an anecdote, there's a pasture that I drive by frequently in eastern Ontario and there's a sign posted that says, "No trespassing unless you can cross my pasture in 29 seconds, because my bull can do it in 30."

Part of what I do at the federation is I'm on the technical advisory committee with the Ministry of Labour and the Occupational Health and Safety Act, and every year we help train their inspectors on biosecurity issues. They're one of the few ministries that are at least going through that type of training program and understand biosecurity. It's very necessary. It's not just biosecurity about animals on farms; it's also in terms of crops. It's very easy to walk through a crop that may have some sort of bacterial disease, carry it on your clothes and carry it into a neighbour's crops, so the fundamental question is, who will be responsible?

The Ontario Federation of Agriculture believes that both provisions should be dropped.

Further recommendations as well: The federation of agriculture recommends that the warrantless search and incidental pass-through provisions in other provincial statutes be similarly dropped for the same reasons.

Thank you. I'll take any questions.

The Chair (Mr. Pat Hoy): Thank you for your presentation. The questioning will go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you for your presentation today. I just want to begin by asking a bit about the predation changes that are in the bill and what you're looking for as well. In my own riding, which is Parry Sound-Muskoka, I attended an OFA meeting in the northern part of the riding a few months back and I was quite surprised that the number one issue that came up was predation. Maybe it's because we have more wild animals around a northern riding, but that was a bit of a surprise for me.

Now, in this bill, I gather there are changes to the section where a wolf is being taken out of the description of "predator." I just wonder if you were concerned about that change, because that seems to be lessening—obviously, wolves will still kill animals. I wonder if you're concerned about that.

Mr. Mark Wales: That's why I mentioned that we would like to see the principle that the list of predators be expanded beyond what it currently is. There are wolves, coyotes, bears. We also have a lot of wildlife that has been introduced by the various ministries. Elk is a huge problem in eastern Ontario. Wild turkeys as well have been reintroduced. I know when I've seen them in the wintertime, they'll be up around the birdfeeders in the village. It's nothing to see 40 turkeys in there. There's a greater challenge as well with wild turkeys getting into livestock feed and passing disease and so on.

As long as that list is expanded beyond what it currently is, that's our biggest concern.

Mr. Norm Miller: So I assume you're opposed to dropping "wolf" as being a predator? That's what I understand Bill 68 does.

Mr. Mark Wales: As I said, we want to make sure that the list of predators is expanded and would include wolves as well, but not restrict it to that.

Mr. Norm Miller: Okay. Thank you very much.

Mrs. Julia Munro: Thank you very much for coming. I was also very interested in the question of the predator and the limitations set by putting in a list, because we have turkey vultures in the area where I live.

Mr. Mark Wales: We have them everywhere.

Mrs. Julia Munro: I think it is a danger to restrict it. It should be a "such as but not exclusive to" kind of thing. Obviously, the question of predators is a key one for people and it does take different forms.

The question of entering private property without a warrant: I just wondered whether or not, in the conversations that you had with the ministry, there had

been any indication of a willingness to understand the importance of warrantless entry in and around farms.
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Mr. Mark Wales: In some ministries, actually, the conversation goes very well. I sit on the Lake Erie region source water protection committee, and the Clean Water Act, which is under the Ministry of the Environment—really, we go a long ways to make sure that any time there has to be a property visit, the landowners are contacted ahead of time. I mean, it's enshrined in how all the committees work and the process going forward. But, no, we're not having any luck with that discussion with the ministry of—would it be the Ministry of Energy?

Mr. Peter Sykanda: That was for—

Mr. Mark Wales: Oil and gas.

Mr. Peter Sykanda: Yes.

Mr. Mark Wales: Unfortunately, we're not getting any positive response there at all, so that's why we want to make sure that those provisions are dropped.

In the rural community, everyone has a driveway. If they're going to look for an abandoned oil or gas well, that well has probably been abandoned for a very long time, so the urgency of having to cross someone else's property and run all of the risks of biosecurity and danger to the officers—it's much simpler to simply go into the driveway, seek permission and do it properly. That's what should be done in our society.

Mrs. Julia Munro: Well, I know that in other circles, the question of warrantless entry is one that causes a great deal of concern, and particularly in this one as well, for some very practical, obvious reasons. I think it's really important that you've brought it to our attention.

Mr. Mark Wales: Thank you, and hence our recommendation that it be taken out of other pieces of legislation. While we're simplifying legislation, let's get a bad clause out of other pieces as well.

Mrs. Julia Munro: Okay. Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CANADIAN ENVIRONMENTAL LAW ASSOCIATION

The Chair (Mr. Pat Hoy): Now I call on the Canadian Environmental Law Association to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. If you would simply state your name for our recording Hansard, you can begin.

Ms. Ramani Nadarajah: Good afternoon, Mr. Chairman and members of the committee. My name is Ramani Nadarajah. I'm a lawyer with the Canadian Environmental Law Association. CELA welcomes the opportunity to make submissions to the standing committee on Bill 68, the Open for Business Act. My comments are confined to schedule 7, which deals with environmental approvals.

CELA, in conjunction with the Canadian Institute for Environmental Law and Policy and Ecojustice, has

already provided very detailed comments on the government's proposal to modernize environmental approvals. Unfortunately, our concerns were not addressed in Bill 68, so the comments we made earlier stand.

I understand that counsel with Ecojustice has already provided this committee with a copy of our brief and has addressed some of the concerns we raised in relation to Bill 68. We support their submissions.

Given the time constraints, I will be dealing with another issue in relation to Bill 68 which is a matter of great concern to CELA. This is the loss of fundamental legal rights which are provided under Ontario's Environmental Bill of Rights.

The Environmental Bill of Rights, which became law 16 years ago, greatly enhanced public participation in the environmental decision-making process. This included the requirement for the government to provide public notice and a comment period for instruments such as certificates of approval. In addition, the public was also given the right to appeal these instruments if they could establish that the decision was unreasonable and that there was a potential for significant environmental harm. This allowed the public to have the ministry's decision to issue an instrument reviewed by an independent tribunal, the Environmental Review Tribunal, prior to the operation of a facility.

The changes proposed by Bill 68 would eliminate these basic legal rights in relation to certain types of approvals. As you are aware, under Bill 68, the government is proposing a two-tiered environmental approval system in Ontario. This includes a registry process and a certificate-of-approval process.

Under the registry process, certain activities would be registered with the ministry, provided they meet specified eligibility requirements. A facility which was subject to this process would be required to operate in accordance with rules established under regulations. Individual registrations, however, would not be posted on the Environmental Bill of Rights registry and would not be subject to appeal by third parties. The changes proposed by Bill 68 mean that the public would no longer be able to provide comments in relation to activities that are subject to the registration process.

It is CELA's position that there needs to be an opportunity for public input on the suitability of an activity for registration prior to its operation in Ontario. Otherwise, the only way the ministry would find out about a serious environmental problem would be after adverse impacts had already occurred.

In addition, the changes proposed by Bill 68 mean that third parties would no longer be able to appeal activities subject to the registration process, even if they're able to meet the very stringent leave test under the Environmental Bill of Rights.

CELA has represented numerous clients in relation to leave applications. In a number of cases where leave was granted, the instrument was ultimately either amended or revoked. The leave-to-appeal provisions thus have been

instrumental in ensuring environmental protection in Ontario.

An evaluation that was done on the Environmental Bill of Rights almost a decade after it came into force concluded it had not had any measurable impact on delaying approvals. Consequently, there is no compelling rationale that would justify exempting the registration process from the Environmental Bill of Rights. I would add that when the government announced its intention to modernize environmental approvals, it stated that one of its objectives was public transparency. Bill 68 is fundamentally at odds with this objective. Consequently, we urge the government to amend the bill to ensure that public participation rights provided under the Environmental Bill of Rights apply to all activities subject to the registration process.

Thank you for giving me the opportunity to provide these comments. I would welcome any questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to the NDP and Mr. Prue.

Mr. Michael Prue: Thank you. The last point you made is one that intrigues me, that there really is no delay by the current legislation; there's no delay to development proposals and the like from environmental proposals that might impact. Has the government indicated to you why they're making this change? I mean, the bill itself is "Ontario is open for business." It would seem to me that this is being done to spur some businesses to come into Ontario, where you don't have to go through processes; you can get up and running really fast. Have they explained to you why they're doing this, in view of the fact that it hasn't really caused any delay?

Ms. Ramani Nadarajah: No, the government really has not provided any kind of explanation with relation to this. As I mentioned earlier, we provided a joint brief to the government on this issue before Bill 68 even came out. The very first issue we raised with the government was that there was no evidence provided that there in fact was a significant delay with the approvals regime, and if there was, we wanted them to provide information in relation to that. That information has not been forthcoming from the ministry, despite the brief and despite correspondence with senior staff on that issue.

Mr. Michael Prue: Over the years, I have heard many developers and business interests talk about the onerous task of meeting environmental standards and how long it takes, but I've never seen any evidence. Did the government indicate that they didn't have the evidence? Did they indicate that they're simply listening to other people? I'm perplexed.

Ms. Ramani Nadarajah: The government has not provided a compelling rationale for this proposal. We have asked for them to provide any information they can in relation to the delay. I think our position to the government was that before you address the problem, you have to understand with a degree of precision exactly what the nature of the problem is. That information was never forthcoming, and it still is not to this day.

Mr. Michael Prue: You also talked about the loss of the public's right to appeal. Could you expand? I mean, are they simply taking away the right with this bill, or is it just made more onerous and more difficult to actually have your say if you are not happy with what's going on?

Ms. Ramani Nadarajah: They're actually taking away the right. The bill doesn't explicitly say that the registration process is exempt from the EBR, but the way it would work is, currently, in order to have the benefit of the notice and comment provisions under the EBR and the third party leave-to-appeal rights, they apply in relation to what are known as instruments. Those are basically things like permits or certificates of approval issued by the Ministry of the Environment. What Bill 68 is proposing to do, as you know, is that with respect to certain types of activities, they would simply be required to be registered on a registry, and they would have to comply with the rules set out by regulations. By virtue of the fact that they will be complying with the regulation and the ministry director will no longer be issuing an instrument, the EBR would not apply.

It's a change that may not be apparent, but it's very clear that this is what is going to happen. The ministry, in their white paper, when they were looking at modernizing environmental approvals, very categorically stated that the Environmental Bill of Rights, in relation to notice and comment provisions as well as third party leave provisions, would not apply in relation to registrations. That reflected instantly in our reading of the bill.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Ramani Nadarajah: Thank you.

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COUNCIL OF ONTARIO CONSTRUCTION ASSOCIATIONS

The Chair (Mr. Pat Hoy): Now, I'd ask the Council of Ontario Construction Associations to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I would just ask you to identify yourselves for the purposes of our recording Hansard.

Mr. David Zurawel: My name is David Zurawel. I'm the vice-president of policy and government relations.

Mr. Ron Johnson: And my name is Ron Johnson. I'm the deputy director of the Interior Systems Contractors Association.

The Chair (Mr. Pat Hoy): Go ahead.

Mr. David Zurawel: Mr. Chair and members of the committee, thank you for the opportunity to appear before you this afternoon to speak to Bill 68, Ontario's Open for Business Act, 2010. As I have said, my name is David Zurawel. I am the vice-president of policy and government relations for the Council of Ontario Construction Associations, or COCA.

COCA is the provincial organization responsible for advocating the interests of institutional, commercial, industrial and heavy civil construction industry

employers to Queen's Park. Our 32 member associations represent approximately 10,000 employer companies across Ontario, employing more than 400,000 tradespeople. Construction roughly constitutes just over 5% of provincial GDP, valued at \$30.5 billion.

Joining me this afternoon is Mr. Ron Johnson, the deputy executive director of the Interior Systems Contractors Association of Ontario, one of COCA's most active members. Mr. Johnson is also the former provincial member for the current riding of Brant.

Bill 68, Ontario's Open for Business Act, represents the culmination of more than 100 legislative proposals from 10 different government ministries. Of particular significance to the province's construction industry are those amendments tabled by the Ministry of the Attorney General that would make changes to the Construction Lien Act. It is because of these changes that COCA supports Minister Papatello's bill.

If passed, this bill's re-enacting of the definition of "improvement"; addition of a new section 33.1, providing for owners of land intended to be registered in accordance with the Condominium Act to publish notice of the intention to register in a construction trade newspaper; and amendment to remove the requirement to verify a claim for lien by affidavit will represent the first significant changes to the Construction Lien Act governing our industry in 20 years.

These proposed amendments represent close to three years of concerted and diligent advocacy and lobbying efforts on behalf of the ICI and the heavy civil construction industry. The change to the definition of what constitutes improvement work is especially significant. This proposed amendment would restore fundamental rights for a great many contractors to get paid monies owed to them for work already completed.

Despite the merits of this proposed amendment, it will, however, only serve a narrow selection of tradespeople within the construction industry and frankly would only address the symptom of the greater problem confronting Ontario's construction industry. Many contractors are not paid in full for their work, and as a result, are subjected to undue and unjust economic hardship. COCA is hopeful that the government remains open to amending this legislation to include provisions that would further change the Construction Lien Act to include (1) the timely release of holdback monies to contractors, and (2) the assurance of the preservation of their lien rights until such monies are paid.

Ontario's construction industry is the only sector of the economy subject to a holding back of funds to those contracted to complete specified work. These funds, amounting to 10% of the value of the labour, materials and services of a project, are retained by a project owner or contractor. This holding back creates a fund available to be used to satisfy the claims against this project. These funds are required to be retained by law until such time as the project is deemed complete or a contractor's lien rights have expired.

COCA and its members take no issue with the principle of holdback funds. These monies are necessary to provide the security to protect project owners that contracted project work is completed on time and according to agreement.

What is at issue are the terms of the release of these monies as they presently exist within the Construction Lien Act. While the law demands that 10% of the value of all construction projects be held back to ensure proper and timely completion of said projects, the legislation does not equally compel the release of these funds. Our industry views this as a fundamental imbalance that must be and can easily be corrected. COCA is today asking this committee to recommend to the government that it amend the Construction Lien Act further to include a provision that will change the act from stating that upon completion of project work, holdback monies "may" be released to "shall" be released.

This fine distinction in language is currently keeping hundreds of millions of dollars in holdback monies every year from the honest and hard-working people who earn them, all because money that is compelled to be surrendered as security for the completion of a project is not equally compelled to be released to its rightful owner once the work is done.

The Construction Lien Act's inadequacy further compounds this problem because contractors are losing their legislated rights to lien for unpaid monies for completed work, leaving them with no recourse but to sue for their money or all too often having to walk away without their money entirely. Because the Construction Lien Act does not compel the timely release of holdback funds to contractors, their protective rights to lien their projects for payment are often long expired before they are aware that the final payment is even an issue of concern.

Contractors in Ontario have only 45 days from the last supply of labour on a project in which to file a lien for outstanding monies owed. It is not unusual for payments for construction projects to be made at 90, 120 or even 150 days. If under any of these situations there is a problem with payment, a contractor's lien rights for outstanding monies have already long expired. It is common practice on long projects for final payment of service provided to not be made until the end of the project. For a contractor providing early services such as excavation, this can stretch into years.

The fundamental argument we make on behalf of our industry is that if someone has done the work, then why does someone else have their money? The Construction Lien Act in its current form answers this question. The money is not paid because there is no statutory compulsion to do so once the work is done, and once such a problem comes to light, the contractor's rights to lien for their money are already gone.

COCA and the construction industry propose that this problem can be easily and equitably resolved by ensuring that all contractor lien rights are in place until the project owner signs off on the architect's certificate of substantial performance, declaring the job to be 97% complete.

At that time, all contractors on the project can have the 45-day countdown started on their lien rights. By simplifying the system with such a solution, everyone involved will know exactly where they stand with each other and with their rights.

With the economy emerging from its most difficult time in 70 years and when future uncertainty appears set to remain for quite some time, it only makes sense that people should be paid in full and on time for the work they complete. Bill 68 offers a prime opportunity for the government to streamline legislation regulating the construction industry so as to ensure that all parties have a level playing field from which to conduct their business. While the proposed changes to the Construction Lien Act contained within the bill are a very important first step to reforming our industry, there is much more work to do to ensure the timely release of holdback monies and to protect contractor lien rights to ensure such payment.

Thank you very much for your time and attention. We are available to take any questions that you may have.

The Chair (Mr. Pat Hoy): Very good. We'll go to the government. Mr. Sousa.

Mr. Charles Sousa: Thank you very much for your presentation. I'm very pleased that through your consultations we proposed some of the amendments to the Construction Lien Act, in response to the proposals that were brought forward by COCA and the Ontario Bar Association. Those amendments, if passed, would be the first substantive amendments, as you stated, to the legislation in 20 years. I know that in your press release prior you were speaking at some length about some of the collaborative efforts and how necessary it is to move forward on these issues. We do look forward to continuing to work with the construction industry to consider further improvements to legislation.

I have two questions. One is, what impact will the amendment to the definition of "improvement" have on your members? And the other one would be, could you elaborate then on how these amendments would be good for business in Ontario?

Mr. Ron Johnson: Thank you for the question. The definition of "improvement" is an important amendment and we're not going to minimize the value of that amendment that you guys have put into this bill. It's significant to a number of contractors who work primarily in the electrical or mechanical sectors. It does, however, in terms of the overall package of amendments that you've proposed, fall short on a number of fronts. You have, as a government, failed to address the hold-back issue, which is of great concern to the broader construction sector.

The definition of "improvement," although valuable, affects a small percentage of those who actually have to utilize the Construction Lien Act. A lot of contractors and various other trades within construction don't really require or need the definition of "improvement" to be changed. It only affects a couple of trades.

More importantly, I think—not to be overly critical of the steps that have been taken, because they are positive—we do require, as an industry, greater support from the government, greater leadership shown by the government, with respect to amending the Construction Lien Act. It doesn't adequately address the core issues that are concerning the construction industry.

COCA has put together a very broad band of support from right across the province and right across the construction sectors, involving both union and non-union labour organizations, and union and non-union contractor members. Unfortunately, so far, the amendments for the most part have fallen on deaf ears. We're looking to get a little more from you guys with respect to the act, but the definition of "improvement" was valued.

Mr. Charles Sousa: I appreciate that. I know we've clarified some of the issues around condominiums, as you mentioned earlier, and closed some of those loopholes with some of the subtrades, and clarified the right to cross-examine those who have registered liens and so forth.

I appreciate your submission very much and we look forward to reviewing what you've put forward.

Mr. Ron Johnson: Thanks.

The Chair (Mr. Pat Hoy): Thank you for your submission.

Is Analogy Global Communications here? No. We're going to recess until one of our presenters, who should be here by 2:30, if not sooner—we'll recess until they arrive.

The committee recessed from 1414 to 1416.

ONTARIO FOREST INDUSTRIES ASSOCIATION

The Chair (Mr. Pat Hoy): Committee will resume again, and we have the Ontario Forest Industries Association before us. You have 10 minutes for your presentation. There could be up to five minutes of questioning. Just identify yourself for our Hansard and then you can begin.

Mr. Scott Jackson: Absolutely. Good afternoon and thank you, Mr. Chair. My name is Scott Jackson and I'm the manager of forest policy for the Ontario Forest Industries Association.

On a personal note, I have degrees in environmental biology from Queen's University and a master's of forest conservation from the University of Toronto.

This past year, the OFIA and the Canadian Lumbermen's Association, a provider of internationally recognized, world-class grading and inspection services, joined forces under the umbrella of a single organization with a combined history of over 160 years. Our association represents over 70 members and includes manufacturing companies ranging from large multinational corporations to small family-owned businesses. Our members produce a broad range of products, including biomass, pulp, paper, paperboard, lumber, panelboard, plywood and veneer, and they are members of the wholesale and

export sector, forest management companies, lumber operators and more.

I would like to express my thanks for the opportunity to present the thoughts and concerns of the OFIA today. As you all know, the forest sector continues to be faced with one of the most challenging economic times in recent memory. According to the Ontario government's own statistics, our sector has lost approximately 15,000 jobs and experienced 62 mill closures since 2003. However, despite these challenges, there are reasons to be optimistic. With the right public policy and continued government support in key areas, Ontario has the potential to attract new forestry investment, create employment opportunities and generate prosperity for all Ontarians.

As an example, with the mountain pine beetle epidemic out west, Ontario is being viewed as the main fibre basket for Canada. In addition, Ontario represents 42% of Canada's non-residential market. Within current building codes, we have an opportunity to increase primary and value-added wood product sales in Ontario by four times the current levels. This represents an additional \$1.2-billion opportunity right here in our own backyard. In the United States, the non-residential market represents an additional \$12-billion opportunity.

The opportunity and the potential for the forest sector is there. That is why the government needs to ensure that it is doing everything it can to restore Ontario's competitiveness. Competitive environments maintain and attract investment, including within the forest sector. That is why it is imperative for the government to get Bill 68 right.

On that note, I would like to commend the government with regard to the proposed modifications to the environmental approvals system. This is an issue that the forest sector has been raising with the government for several years.

On the whole, however, Bill 68 raises more concern than comfort, and while the provisions for expedited approvals are positive, they are far outweighed by the concerns surrounding the proposed changes to the Crown Forest Sustainability Act under schedule 10. Quite clearly, the proposed forestry changes in Bill 68 do nothing more than simplify the government's process for handing out unwarranted and unnecessary permits under the Endangered Species Act. Regardless of how Bill 68 simplifies the process, the problem remains—permits under the Endangered Species Act do not work.

The ESA is a broken piece of legislation, and one of its fundamental flaws is the permitting process. During consultation in 2006, we explained to government that the permitting system does not work. All it will do is expose industry and government to frivolous legal challenges by anti-everything special interest campaigners and force both government and industry into lengthy and costly legal battles.

Please don't take my word for it. In the packages we've passed around, you'll find a slide from a presentation that the government gave to the forest sector

earlier this year. The presentation outlines lessons learned from the implementation of the Endangered Species Act so far, with a specific focus on the problems and concerns associated with permits under the ESA.

Please note bullet one, which states: "You can consult as many experts as you want, someone will always disagree with the findings." Also, please note the third bullet, which states: "Organizations and/or private citizens may use the Endangered Species Act as a springboard to stop projects they disagree with (whether or not they have concerns about impacts to species at risk)."

It is alarming that the government would propose to simplify a process that, by their own admission, is broken and that will have very real and negative impacts on the forest sector. It is even more amazing that the government would propose to do this under the heading of "Open for Business." This is an oxymoron.

During the development of the province's controversial Endangered Species Act, the OFIA presented its concerns, which, while few in number, were very significant. One of these was the permitting process. Another was the need for government to recognize those sectors, including the forest sector, that already provide for species at risk and their habitat. The forest sector has a strong record of not only protecting species at risk but in contributing to their recovery.

In response to these concerns, David Ramsay, Minister of Natural Resources, committed in writing to the OFIA and northern municipalities that the government would provide the forest sector with a regulation under section 55 of the Endangered Species Act that would exempt our sector from the prohibitions of the act, and that this would be provided in recognition of the "efficacy of forest management plans in addressing endangered and threatened species." A copy of this letter is provided in your package.

Just this past March, Minister Ramsay reinforced this commitment on TVO's *The Agenda*. When asked to comment on whether a written commitment was made to the forest sector and northern communities that the government would recognize that forest management plans would satisfy the requirements of the Endangered Species Act through a long-term regulation and that the reason that government backtracked on this commitment was due to pressures from special interests, the minister responded that he "certainly did not dispute" the statement and that "I made that commitment and we were working towards that commitment, and things changed later on."

The current wording in Bill 68 with regard to the Crown Forest Sustainability Act should be removed and replaced with language that reflects Minister Ramsay's and this government's commitment which explicitly provides the forest sector with an exemption from the ESA. Specifically, Bill 68 should provide for the amendment of the Endangered Species Act to recognize that the primary objectives of the ESA are met through the Crown Forest Sustainability Act and its required forest management

plans. Further, it should recognize the CFSA and its forest management plans as equivalent processes to the Endangered Species Act with respect to planning and providing for species at risk, and as such, exempt the CFSA and forest management plans from the prohibitions of the ESA.

This request is echoed by the Northeastern Ontario Municipal Association, NOMA, in their written submission which is included in your package.

To be clear, this is not a request for an exemption from our responsibilities or our requirements to manage for species at risk. As noted before, we have been doing this for decades. Instead, it is an exemption from an unnecessary and costly process that does little more than expose the forest sector and government to frivolous legal challenges.

If this bill is truly about making Ontario open for business and addressing industry's needs in order to attract investment and create employment opportunities, the government needs to build on the positive changes to the environmental approvals system it has in Bill 68.

Process is a fact of doing business, and Ontario's forest sector prefers the process associated with the Crown Forest Sustainability Act and forest management plans. We do not want the ESA permitting process. We do not want a simplified ESA permitting process as proposed in schedule 10 of Bill 68. There is no such thing.

Thank you.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Mr. Miller.

Mr. Norm Miller: Yes, thank you for your presentation, Scott. I guess I'll start off with the proposed changes in Bill 68 as they relate to the Crown Forest Sustainability Act and the Endangered Species Act.

Certainly, the background that I was given states—and I read from it—"The proposed changes will also facilitate more efficient implementation of Endangered Species Act requirements in forest management plans by integrating a consultation process." It sounds like they're trying to make it easier. I read that, from your perspective, as being something that would be positive for the forestry sector, but I'm hearing from you that you don't see it that way. Is that correct?

Mr. Scott Jackson: That's correct: We do not see it that way. The government's proposal certainly does simplify a process, but it is simplifying a government process that will help government. It is also a process that does not work. So it doesn't matter how much you try to simplify it; it is still going to have very real and very strong economic repercussions for our sector.

Mr. Norm Miller: So right now in the forestry sector, the Crown Forest Sustainability Act deals with cases of species that are at risk. You were saying that you've had quite a bit of success with that. Could you talk about that?

Mr. Scott Jackson: Yes, absolutely. I'll give you an example. The bald eagle, for one: It is not considered an endangered species north of the French River; it was until

recently considered endangered south of the French River. Part of the reason that the bald eagle had recovered was because of the forest management guidelines that we have had in place since 1987 in this province. No doubt, there were other factors that contributed to its recovery as well, but forestry is recognized as one of the factors that contributed to the recovery.

Forest management is a tool that, if used properly, can be used to create the habitat needed by species at risk.

Mr. Norm Miller: So it was your understanding—the forestry sector's understanding—that the work you had done with the Crown Forest Sustainability Act would be recognized so that it wouldn't be duplicated with the Endangered Species Act. Is that correct?

Mr. Scott Jackson: That's correct. It would be business as usual—and under the Crown Forest Sustainability Act, that is a dynamic process as well. New science is continuously introduced to it. But our understanding, as per the minister's commitment—David Ramsay's—in writing at the time, was that we would receive an exemption under section 55 of the ESA to allow us to continue with business as usual in an efficient and effective manner.

I would also like to note that the government has already given out 200 such exemptions in this province. So what we're asking for is nothing that should be considered new to this government.

Mr. Norm Miller: Otherwise, the system that's proposed is a permitting system, you're saying, and that's going to be harmful for forestry operations.

Mr. Scott Jackson: That's right. The government has made no bones whatsoever that they want us to have to apply for permits now under the Endangered Species Act, and that introduces just an incredible amount of process. What it does is, every time a permit is granted, it will be open for challenge by anti-logging or anti-everything special interest groups that are trying to create fundraising opportunities.

Just to give you a couple of examples, we saw this with the Windsor-Essex bridge. When they went to construct and expand the major land-trade artery between the United States and Canada, it was held up by a group called Ontario Nature under threat that they would legally challenge the permit. As such, you end up with delays, you end up with increased costs and you hold up process that is already looking after the Endangered Species Act.

The government recognizes this themselves. In the slide that I have, "Organizations and/or private citizens may use the" Endangered Species Act "as a springboard to stop projects they disagree with (whether or not they have concerns about impacts to species at risk)."

Mr. Norm Miller: In other words, would you agree if I said that the implementation of the Endangered Species Act from forestry's perspective will make it much more difficult to do business, but will not necessarily protect endangered species any more than they're already protected under the Crown Forest Sustainability Act?

Mr. Scott Jackson: That's absolutely correct. In fact, the approach under the Endangered Species Act is a step backwards. The forest sector operates at the landscape level. We look after all species simultaneously. The way that the Endangered Species Act is structured is you look at it on a species-by-species basis. That is a very outdated means of approaching species at risk within forest management.

Mr. Norm Miller: And when the Endangered Species Act passed, you had the word of the government that the forestry sector would be exempt from the act because of the work done through the Crown Forest Sustainability Act.

Mr. Scott Jackson: That's absolutely correct. That's in the letter that David Ramsay sent to the OFIA and northern municipalities, which is in the package. That commitment was again reinforced on March 22 when Minister Ramsay participated on TVO's *The Agenda*.

1430

Mr. Norm Miller: I'll back you up on that one. I was the critic at the time and supported the bill largely because of the government's commitment, which they have since broken.

Mr. Scott Jackson: Yes, absolutely. The government has backtracked on that commitment while simultaneously granting 200 other such exemptions in the province of Ontario. What the government's proposing, in a nutshell, is a slightly gentler kind of death to the forestry sector but a death to the forest sector nonetheless.

Mr. Norm Miller: Thank you very much, Scott.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Scott Jackson: No more questions? Okay; thank you very much.

ANALOGY GLOBAL COMMUNICATIONS

The Chair (Mr. Pat Hoy): Now I call on Analogy Global Communications to come forward, please.

Good afternoon. You have 10 minutes for your presentation. There could be five minutes of questioning after that. If you'd just identify yourselves for the purposes of our recording Hansard, and then you can begin.

Ms. Kerry A. Thomas: Certainly. I am Kerry Ann Thomas, a co-founder of Analogy Global Communications and acting multimedia specialist. With me is Mr. McConnie E. Providence; he is the senior policy adviser for the company.

I'll just get into a background of what the company is, just so we can explain why we're here and what we want—

The Chair (Mr. Pat Hoy): You have 10 minutes to speak, so however you wish to use it.

Ms. Kerry A. Thomas: Yes. We've timed everything.

We are a boutique multimedia company that caters in media consulting, project management and publishing. Our main target is the multicultural communities—being a liaison between the government, businesses, media and

a gateway for all of that. What we are trying to establish with the Open for Business Act is equal access to opportunities as black businesses. Many times in the past we've found that there have been many obstacles for people who are actual business owners and getting equal opportunities to tenders, procurements and advancements for those opportunities. We are actually here to put forward our company and show how we can help complement the whole Open for Business Act.

For the last few years we've actually been negotiating or speaking with our partners and affiliates in the United States on how we can get them into Canada to help foster and grow the youth initiatives that we have going on in our high-risk neighbourhoods and how we can help in particular sectors for technology, arts and finance. They're very interested in coming to Ontario, and it seems that with the Open for Business Act it has come at a great time, that we've been having discussions to bring them here as well.

Our connections don't stop there with the US. Actually, we've also expanded to the Caribbean where we're trying to foster how we can help create trade between students to the Caribbean and to Ontario as well.

I'm just going to give you a little bit of background on what we've done so far. In 2007, what we did was we held a few various political meetings with the black community to get an idea of some of the issues that they've been facing and how we can help make changes, and that's what our company has been doing and why we're here today and believe that we can help bring benefits to the Open for Business Act through our community.

We've estimated that we can project about \$100 million per year to bring to Ontario through some of the initiatives that we've already started with our partners in the US. This can be done through various conventions, summits, trades and meetings. For example, just this past March, led by Councillor Michael Thompson, there were 10,000 engineers who came to Ontario, the largest black group to ever come here. They brought an estimated \$30 million to Toronto alone. Imagine if we multiply that by getting at least three times that same number coming to Ontario over a period of five years. You're looking at at least \$100 million per year, and in five years, \$500 million.

Another approach we want to also bring forward to you is through production and broadcast. We've been working with the idea for a television show that would feature the developments that Ontario, and specifically Toronto, has undergone, which are over 12,000, and we've found a way that we could highlight Toronto, Ontario, to be the star of its own show. That's something that we'd like to explore further with the government, to see how they can be involved with that through the Open for Business Act.

We have been and are seeking opportunities and ways of how we can act as the liaison between, as mentioned, the mainstream media and ethnic media through delivering your message to the intended audience. The main

reason why we feel it would be beneficial is, mainstream Canada has to stay mainstream Canada, even though the face is changing through the many cultures that are coming. By attaching it to a company that is focused particularly in the multicultural communities, we can help reach that audience without losing the fabric of what they were built on.

We also would be able to provide learning materials, through our publishing department, that would cater to these particular communities to help the government effectively deliver their message, which would then help to generate the income that they need through this act.

We have also been working with various farmers through southwest Ontario who have land that is fertile, and they are looking for it to be employed and developed. This is another way which we would like to explore through the Open for Business Act under the agriculture section.

We also are working with various communities to help promote green initiatives, most recently in Jane and Finch. One of the communities there won the Green Toronto Award. These are areas where we are going to continue to work with the community, to help with Ontario's green initiative.

We've provided some statistics for you based on what the demographics are for the black community between Canada and the United States. You'll see that the figures there—there is \$88.6 billion generated in businesses for blacks in the United States. We are trying to get some of that money here in Ontario. We are hoping that this can be achieved through some type of affiliation and partnership with the Ontario government through the Open for Business Act.

Mr. McConnie E. Providence: What I have to add would really be footnotes to what Kerry Ann has just said, almost a corollary to an extent. I dealt extensively with the NAFTA treaty a number of years ago in graduate school, and the experience I had during that period was to implement some of the things, the hard facts, to what Kerry Ann has just presented. I'm quite aware of cultural tourism and the role that black businesses play in cultural tourism in Canada, which has been extremely effective in a number of ways. My focus at this particular stage is to see if we can be a messenger or a full partner, so to speak, in the area of cultural tourism, which unfortunately has been grossly overlooked from time to time. But to reiterate what Kerry Ann has said, we can get the message that the government has to offer about the full impact of cultural tourism in Canada from an economic perspective. That has been specifically my role.

I'm also interested in reiterating what Kerry Ann has said in the area of industry. Many important aspects of industry in Ontario have been sidelined because information does not get out as cleanly and as clearly as it should. That's a role that our organization is willing to play as the spokesperson: to delineate, to clarify in many ways what the government has to say about that. We think we can play an effective role.

Specifically in the area of industry, again, and in the area of farming, reiterating what Kerry Ann has said, there are a lot of people who we have contacted in the past, coming from the United States, who have made some very valuable suggestions about what we can do with farmlands. It's amazing what has happened over the past year in our correspondence with these people. This can be fully developed if we are given the opportunity to have a better partnership, as Kerry Ann has stressed, in this area.

From an educational perspective, from a cultural and economic perspective, we think we have a very pivotal role that we can play with government through our program.

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From an analytical, critical and evaluative perspective, we do have the tools at present. We have the skills; we have the experience. We think that there is a role for us to play in this new Open for Business Act.

Thank you.

Ms. Kerry A. Thomas: Again, what we're trying to stress, as Mr. Providence says, is what we are hoping would be considered, through our presence here today. We want to be able to set new standards in terms of how our community is reflected at the decision table. We want to be able to be a voice for our community, a voice that's heard, respected and considered to be effective in helping the government, complementing the government's initiatives, finding ways that we can help generate income as well and changing the perception that we have of our community. There are lots of business owners who are developing and growing, and a lot of them are younger, as we are coming up. We want to be the portal gateway to giving the government that access.

Most recently, we had a mayoral debate in June. One of the most disturbing things I heard from one of the politicians, when we asked, "Why are we never considered for tenders? Why isn't Caribana getting money for a building, since we've been doing this for over 45 years?"—it took him almost five minutes to stop from saying the word "shit" because he knew he couldn't say it. In the end, he said the black community, at the end of the day, is really treated like crap. He wanted to say something else, but he stopped just in time and said "crap."

I respect his honesty. I respect his honesty because it gave me drive to say, "You know what? If he in 2010 can look at us and say this, at this particular time, then we've definitely got to forge forward and let our community know and let everyone else know that we are effective business people." We can produce results. Through this Open for Business Act, we want to be able to forge forward and show how we can do that and change that perception about how we are being treated and not being taken seriously in terms of our business and tenders.

Mr. McConnie E. Providence: From a sociological perspective—I am at the Ontario Institute for Studies in Education in sociology. From time to time, the topic has been brought up among my colleagues as to exactly what

the future of our role is in the decision-making policies if not helping the government to really get their message out.

Kerry Ann and myself and others think that we have created a vehicle which is effective, competent, strong, willing to work with government and also to support—critically, evaluatively, economically—the black community, to help the black community achieve its goals and aims. I think we are ready for that role. We have the tools to do it too.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the NDP. Mr. Prue.

Mr. Michael Prue: First of all, thank you very much for your deputation here today. It seems to me—and correct me if I'm wrong—you are here to say you're open for business and you're hoping to get some. Is that part of what you're here for?

Ms. Kerry A. Thomas: Basically, yes. We are actually here to demonstrate and show, while Ontario is being opened for business, how we can complement the act as well.

Mr. Michael Prue: Okay. Now, the committee is here to discuss potential changes to the legislation that has been tabled in the House. We've had some presenters here talking about employment standards. We've had some here talking about environmental protections; the last presenter talked about how the act is going to impact the forest industry. Do you have any recommendations? Is there anything you want to tell us about what should be changed within the body of the act?

Ms. Kerry A. Thomas: I did go through the body of the act to consider how—and what—changes could reflect where we are coming from with our business. The agriculture component is the only area in which what we're presenting, based on the people we've been discussing—it's the only area that we actually saw that had a bearing, if any, on what we would be doing and the initiatives we'd be putting forward.

We have no suggestions, in terms of changes, to put forward. What we're trying to do, at this particular moment, is use the opportunity to let you know, while you're implementing this Open for Business Act, that we are also here open to work with Open for Business through our community.

Mr. Michael Prue: Thank you very much, then. You've made your point very well.

The Chair (Mr. Pat Hoy): We thank you for your presentation.

LIFE SCIENCES ONTARIO

The Chair (Mr. Pat Hoy): Now I'd ask Life Sciences Ontario to come forward. Good afternoon. You have 10 minutes for your presentation. There could be five minutes of questioning. I'd just ask you to state your name for the recording and then you can begin.

Ms. Janet Lambert: Janet Lambert. Mr. Chair, members of the Standing Committee on Finance and Economic Affairs, thank you. I'm appearing before you

today as a representative of Life Sciences Ontario, LSO, the largest and most successful community-based life sciences organization in Canada.

Ontario is a major North American bioscience hub that employs more than 50,000 Ontarians at more than 800 companies and generates more than \$11 billion in revenues annually. The sector includes drug manufacturers, firms developing biopharmaceutical products, firms undertaking research or manufacturing on a contract basis, agricultural biotech organizations, clean-tech entities, and firms that offer consulting services to the sector, including lawyers, accountants, engineering firms, IT firms and health consultants. Universities, hospitals and research centres across Ontario also play a pivotal role in the research and development activities of this sector.

By way of general background, biotechnology is the application of science and technology to living organisms. It's comprised of such core technologies as DNA or RNA applications, protein and peptides or enzymes, cell and tissue culture and engineering, gene and RNA vectors, bioinformatics, nanobiotechnology, process biotechnologies and subcellular processes. The applications of biotechnology to the economy are vast, including new vaccines to prevent disease; repair of damaged organs and tissues and improved detection of diseases; treatments for human infertility; genetically modified plants with resistance to pests; bacteria capable of cleaning up oil spills; biodiversity; environmentally friendly biofuels; and fibres made from renewable biotech products.

The members of LSO acknowledge the unprecedented challenge faced by the government in seeking the return of the province to economic health. LSO believes the life science community in Ontario has an important role to play in helping the government to achieve this objective and welcomes the opportunity to work with the government in this process.

LSO believes that the accelerated implementation of commercial applications of biotechnology is essential to become a more innovative economy that produces high-quality jobs and employment opportunities for future generations and that is able to support the important health and social service programs of our province. We're pleased to be able to contribute to the efforts of this committee as you study and report on Bill 68, the Open for Business Act, 2010.

LSO also acknowledges that the Open for Business legislation is part of the government's Open Ontario plan that was announced in the speech from the throne on March 8, 2010. In particular, LSO notes that the government intends the Open Ontario plan to create an Ontario even more open to new ideas, new people and new investment, not only to replace old jobs that have gone but to create the new jobs that are coming.

The enhanced application of biotechnology to the Ontario bioeconomy has the potential to bring forward new ideas that lead to new investment that employs new people. In this regard, LSO acknowledges that in recent

months the government has announced important initiatives in the health and energy sectors. The members of LSO have an important role to play in helping to ensure that these initiatives achieve their stated objectives.

Most recently, the government has announced an undated version of its life sciences commercialization strategy. This is a very important initiative for the members of LSO, and we look forward to working with the government to implement strategy in the months to come.

Bill 68 will update legislation within the mandate of, among other ministries, the Ministries of Agriculture, Food and Rural Affairs, Economic Development and Trade, Environment, Natural Resources, and Northern Development, Mines and Forestry. Each of these ministries has an important role in contributing to an appropriate environment to facilitate the commercialization of biotechnology in Ontario, and we encourage each ministry to continue to work with members of our community to identify ways in which the government can facilitate the introduction and adoption of new applications of biotechnology, with the resulting benefits for Ontario.

The bill is complex and the subject matter diverse. However, the spirit of the bill—supporting economic growth and fostering simpler, better and faster interaction between government and business—is one we wholeheartedly endorse. LSO also endorses creating a more competitive business climate while protecting the environment and public interest.

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Establishing a modern, risk-based and science-based approach to government approvals, enabling faster and more efficient resolutions between business and government, and harmonizing Ontario's business practices with other North American jurisdictions will assist life sciences entities in Ontario to flourish.

LSO has reviewed the proposed statutory amendments in respect of each of the ministries I've mentioned. Our review did not reveal any particular issues with respect to the proposed legislative reforms in so far as biotechnology commercialization is concerned. That being said, LSO would urge the government to listen carefully to comments from stakeholders who are affected directly by the proposed changes.

While we congratulate the government on the important initiatives that it is pursuing to advance the interests of the life sciences sector in Ontario, we would be remiss if we did not highlight some of the critical areas where additional government effort is required and where LSO will be coming forward in the next months with new ideas for the government and the other political parties to consider.

First, notwithstanding the best intentions of the government, including some of the initiatives included in the life sciences commercialization strategy I mentioned earlier, there continues to be an unacceptable shortage of capital available for emerging life sciences companies in Ontario. The announcement of Canada's Venture Capital

and Private Equity Association, CVCA, that venture capital investment in 2009 is the lowest in 13 years, and that from a regional perspective, 2009 saw a significant shift of the regional ordering in favour of Quebec relative to Ontario, underlies how critical this issue is to our sector. The CVCA announcement noted that the Quebec venture capital market has benefited from concerted efforts by the Quebec provincial government, institutional investors and an ongoing robust retail environment.

Second, the government has an incredibly difficult challenge managing health-care-related expenditures in the face of unprecedented demands. However, many observers suggest that many of these expenditures should be seen as investments in the health and well-being of our citizens, and that with the right policy environment we can encourage greater investment by the larger drug and device companies sector in investments in Ontario, resulting in rewarding jobs and economic benefit.

In that regard, LSO is concerned with the financial incentive being provided to generic drug manufacturers to challenge the validity of patents—to break patents—held by innovative drug companies that was included in recent reforms to regulations to the Ontario Drug Benefits Act. The incentive to break patents is neither consistent with the government's strong commitment to encourage innovation nor with its stated objective to promote and encourage a strong and vibrant innovative drug sector in Ontario, most recently documented in the life sciences commercialization strategy document I've mentioned.

We're very grateful for the opportunity to appear before you this afternoon. We at LSO are very optimistic about the future prospects for Ontario. That being said, there are some very important policy challenges and opportunities that need to be addressed, and we look forward to working with the members of this committee, the government and the other political parties in defining and advancing important public policy initiatives in the best interests of all the residents of Ontario. Thanks.

The Chair (Mr. Pat Hoy): Thank you. This round of questioning will go to the government. Mr. Sousa.

Mr. Charles Sousa: Thank you very much for being here, and thank you very much for your industry's active initiatives in Ontario. As you well know, it's a priority sector for Ontario and we certainly want to be able to nurture it and build upon the good things that are happening. It has a ripple effect amongst many industries, and I appreciate the comments that you've made, especially the two, one being access to capital, and certainly degree, not just in R and D funding, but certainly commercialization of some of these companies as they come to fruition. It has been a challenge and I appreciate what you've stated.

Can you elaborate a little bit on your activities that you've been having with the ministry and with the government over the last year or so in regard to some of these sectors?

Ms. Janet Lambert: Mainly in the life sciences commercialization strategy and advocating for more funds for innovation with the Ministry of Research and Innovation. This past year has seen a lot of activity in trying to help define and advocate for the different sectors and industries in biotechnology.

Mr. Charles Sousa: And of course it has a great effect on our health care system, in trying to become more effective, more efficient, and enabling us to have a stronger export market of the work your sector is doing. So I applaud you on that activity and appreciate you presenting, and we're certainly listening.

Ms. Janet Lambert: Thank you.

The Chair (Mr. Pat Hoy): And thank you for your submission.

We don't have our other presenters here. We'll recess until one of them should arrive.

The committee recessed from 1455 to 1516.

ONTARIO PROFESSIONAL PLANNERS INSTITUTE

The Chair (Mr. Pat Hoy): The committee will come to order once again, and I will call on the Ontario Professional Planners Institute to come forward, please.

Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. If you'd just state your name for our recording Hansard, then you can begin.

Ms. Marilyn Radman: I will. Thank you, Mr. Chair, members of the standing committee. My name is Marilyn Radman and I'm the director of professional practice and development with the Ontario Professional Planners Institute. This is an elected and volunteer position. I'm also the manager of development planning for Niagara Region Public Works. With me is Brian Brophy, who's also the manager of professional standards with OPPI. Thank you for inviting me to speak to you today.

I appear on behalf of OPPI regarding the proposed change in the definition of the practice of professional engineering. I'd like to refer you to page 40 of the official version of Bill 68. This is the proposed new definition, with the words bolded that have been added to the current definition. In particular, I'd like to draw your attention to the word "planning": "any act of planning, designing, composing, evaluating, advising, reporting, directing or supervising that requires the application of engineering principles and concerns the safeguarding of life, health, property, economic interests, the public welfare or the environment, or the managing of any such act." OPPI does not intend to oppose the proposed change, but to put it into context for you from our point of view.

Let me begin by giving you some background information. Established in 1986, OPPI is the recognized voice of the province's planning profession and provides vision and leadership on key planning issues. OPPI's more than 3,000 members are employed by governments, private industry, agents and academic institutions.

Planners work in a wide variety of fields, including urban and rural community development, urban design, the environment, transportation, health and social services, housing and economic development.

Planning has been a recognized distinguished profession for almost a century. The Canadian Institute of Planners, CIP, was first founded in 1919. In 1986, four Ontario affiliates of CIP merged to form OPPI. In 1994, the Ontario government passed a private bill that granted title protection to members of OPPI as registered professional planners: RPP.

OPPI administers a rigorous certification process by which individuals become full members. There are educational and experiential requirements as well as a final certifying examination in professionalism and ethics. OPPI also accredits the degrees offered by Ontario universities that are considered recognized planning degrees for certification purposes. Ryerson, York, Queen's, Waterloo, Guelph and Toronto currently have accredited planning degrees. In fact, OPPI, CIP and the other provincial planning affiliates are currently enhancing and improving that certification and accreditation process, and moving to centralize and standardize it, as have, for example, many other regulated health professions.

OPPI encourages continuous professional learning, CPL, by its members, and its professional practice and development committee is considering making CPL mandatory for its members. In fact, OPPI, on an ongoing basis, commissions the development of courses which its members have identified as a need.

Members of OPPI are subject to a professional code of practice. Complaints may be filed against members who are alleged to have breached the code. The disciplinary process that is engaged then includes an investigation, possible mediation and may result in a full hearing under formal rules of proceeding. If it is determined that a member has breached the code, a wide range of penalties may be imposed on the member, up to and including his or her removal from the registry of the institute. In effect, OPPI is more than a professional association; it operates as a quasi-self-regulatory body.

OPPI has begun consultations with its members and other stakeholders, exploring the possibility of full self-regulation for the planning profession. We believe that it would be in the best interests of the public of Ontario if the planning profession were self-regulated—similar, for instance, to the engineering profession. In due course, OPPI will consult with the relevant ministries of the provincial government and request that public legislation be passed to accomplish this.

Of course, one of the important goals of OPPI's consultations and deliberations is to further define and describe the scope of practice of professional planning. In the 1986 letters patent issued to OPPI by the Ministry of Consumer and Commercial Relations, and in the 1994 private act passed by the Ontario Legislature, planning is referred to as "the scientific, aesthetic and orderly disposition of land, resources, facilities and services, with a

view to securing physical, economic and social efficiency, a sound environment, health and well-being.”

In their day-to-day work, many professional planners interact and work with engineers, architects, lawyers, landscape architects and other professionals. This collaboration has served Ontario society well, and OPPI is not aware of any problems or complaints that suggest that this division of labour is not working.

Now I'd like to return to the key matter. Obviously, planning, like managing, is a fairly generic word, as it is used in the proposed new definition of the practice of professional engineering. We note that the word “planning” is used only in connection with the other activities that have traditionally been recognized as the practice of professional engineering.

We appear before you to assert our understanding that the proposed new definition is not intended to, and will not, expand the engineering scope of practice. Moreover, the new definition will not have the effect of requiring professional planners to acquire a licence or permission from Professional Engineers Ontario or any other regulator in order to practise professional planning as they always have.

We understand from PEO and our own research that several other provinces have already adopted the proposed new definition—for instance, Saskatchewan, the Northwest Territories, Nunavut and Manitoba. We've not heard from our professional planning colleagues in those jurisdictions that there has been any change or reduction in the activities that they are able to undertake. We take this fact to confirm our view that the new definition of engineering does not involve any erosion of the scope of practice of professional planners. Under the proposed new definition, professional planners will continue to practise as they currently do, without being licensed under the Professional Engineers Act.

In summary, I have five key messages:

(1) OPPI has existed since 1986 and, since 1994, has had title protection for RPP under private provincial legislation;

(2) That private legislation defines the practice of professional planning and makes OPPI a quasi-regulator of its members;

(3) OPPI does not oppose the proposed new definition of the practice of professional engineering as long as it is not intended to capture and does not capture any activities that OPPI members undertake in the normal course of their profession. We believe that this is not the intention or the effect of the change;

(4) If OPPI members were restricted from any of their normal activities, there would be serious negative repercussions for the public and the land use system and tribunals in Ontario;

(5) Finally, we want to make sure to protect the scope of practice of Ontario Professional Planners Institute members at this time because we have embarked on an initiative to explore the possibility of a full public act of self-regulation.

Thank you for your attention, and we'd be more than pleased to answer any questions that you might have.

The Chair (Mr. Pat Hoy): Thank you very much, and the questioning will go to the official opposition. Ms. Munro?

Mrs. Julia Munro: Yes, thank you very much for coming here today and providing us with this material. I wanted to know, when you were explaining the scope of practice concept here, have you had conversations with the ministry before now in terms of giving them an indication of where you wish to go with the scope of practice for the planners?

Ms. Marilyn Radman: With respect to full self-regulation?

Mrs. Julia Munro: Yes.

Ms. Marilyn Radman: Can I ask that Brian Brophrey, our manager, join us?

Mrs. Julia Munro: Certainly. If you come up, then you can be in Hansard.

Mr. Brian Brophrey: So far, our official conversations have been with stakeholders, regulators and professional associations in allied industries, so although we've had informal conversations with government personnel, we haven't approached the ministry yet.

Mrs. Julia Munro: Okay, because I just thought from the way that this was presented that you would want this to be kind of a parallel process. Is that fair to say?

Ms. Marilyn Radman: I believe that we're not quite in that position yet to move forward. We have had a lot of consultation with our own members. We have spoken, as Brian mentioned, to other stakeholders, and our next step is really to start approaching the various ministries that have a stake in the work that we do. At that point, then, we would be coming forward. We do need to confirm this with our membership first, as always.

Mrs. Julia Munro: Of course. I understand. I guess my other question, then, would sort of follow: Am I correct in understanding that your concern about the definitions of professional engineering in this section would tend, then, in this context, to overlap with what you do? Is that a fair way of describing it?

Ms. Marilyn Radman: Yes, it is. In our professions there is overlap, and we recognize that. What we wanted to ensure was that, in recognizing the word “planning” in their definition, it didn't mean that planners would then have to get an engineering degree and become a member of Professional Engineers Ontario to practise planning.

Mrs. Julia Munro: Right, right. At this point, are there any sort of messages, subtle or otherwise, that you're getting that this would not be the way in which this would be interpreted?

Ms. Marilyn Radman: We have spoken with Professional Engineers Ontario and they've asked us to support their work here. We've had that discussion. They have not indicated that there would be any repercussions that way, which is why we're feeling fairly comfortable with this. But again, there is an onus on us as a representative of our membership to ensure that this message is clear.

1530

Mrs. Julia Munro: And I think that's a very, very important statement that you've made, to be able to bring it to our attention that there is this potential overlap. I think it's really important on behalf of the membership that you've been able to come today and clarify for us the concern that you have. I don't have any other particular question other than to be sure I understand it and be sure that, obviously, you're talking to all the right people to make sure that everyone else understands your position.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

WINE COUNCIL OF ONTARIO

The Chair (Mr. Pat Hoy): Now I call on the Wine Council of Ontario to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. If you'd just simply state your name for Hansard, then you can begin.

Ms. Hillary Dawson: Hillary Dawson; I'm the president of the Wine Council of Ontario.

Thank you very much, Mr. Chair, for allowing me to come in and present to you today. As the committee members may know, the Wine Council is made up of over 70 estate wineries from across Ontario's viticultural regions. Our members make internationally recognized VQA wines and strive to compete day to day with the best wines the world has to offer. I'm pleased to report that on that front, we're very successful.

As the committee may also know, the wine business in Ontario is very regulated, which often makes it challenging for our businesses to be nimble and competitive. It's for this reason that we're eager to support Bill 68, because we feel that the changes contained within it will help the government itself and its agency help change our industry and its regulatory framework for the better.

In Ontario, my members are challenged every day by our commodity marketing system. Unlike any other region in the world, our grape supply is managed through regulated marketing, one that allows for the pricing of grapes through a quasi-collective bargaining process between growers as a whole and processors as a whole. No other wine-producing region prices grapes this way. It's also a system of commodity management that has proven to be less than modern. Established over 60 years ago, it was set at a time when there was little to no vertical integration and no real diversity of offering in the commodity that we use, grapes for wine.

We see similar challenges every day in other food and beverage processing businesses here in Ontario: faced with international competition on a day-to-day basis, yet unable to recognize the potential of our business because our regulated systems tend to be outdated and inflexible. Vertical integration has become the trend, so that processors can have quality within their control.

We have also watched the Farm Products Marketing Commission struggle with its efforts to modernize these

marketing systems because of an impractical system that allows single individuals to hold up progress for an entire industry. One can only look at the struggles to modernize the marketing of hogs in this province, two years of unnecessary delays that cost jobs and a competitive position for Ontario's pork processing sector.

I believe that the government has recognized this flaw in the system when I look at the proposed changes to the Ministry of Agriculture, Food and Rural Affairs Act contained in this bill. These changes empower the Ontario Farm Products Marketing Commission, and this empowerment is long overdue. The Farm Products Marketing Commission is an agency of the ministry that is accountable for the conduct and impact of Ontario's regulated marketing system. It has the authority to use itself or to delegate or authorize the marketing boards to use the powers available under the act.

The commission has the authority to limit or revoke any of the powers or authorities given to marketing boards at any time, but more importantly can also consider ways to stimulate, increase and improve the producing or marketing of farm products.

In day-to-day practice, the commission is the central figure in Ontario's regulated marketing system. It facilitates sector stakeholder discussions to effect change to individual commodity marketing systems, and it is the supervisor of these marketing boards.

The commission is responsible for policy development and any regulation or legislation changes related to regulated marketing. I'm pleased to report that they maintain a very close working relationship with marketing boards and food industry representatives like ourselves. It is responsible for analyzing and presenting those sectors' views on regulated marketing issues to the minister within the Ministry of Agriculture and Food and across government.

The commission is also charged with examining each commodity group's marketing plan. As mentioned previously, most marketing boards were established decades ago under different economic and trade environments. Over the last several years, many boards have faced considerable pressure for changes to their marketing plans from some producers and the customers they supply. Therefore, many boards are dealing with how they meet the needs of a less homogeneous group of producer members as well as food industry customers who are competing in a global environment.

When our industry meets at the commission, we cannot help but notice that the commission's vision is one of "dynamic, competitive agri-food sectors," and its mission statement states that it will "lead, supervise and direct Ontario's regulated marketing system to effectively adapt to change." Marketing system adjustments can be initiated by any stakeholder and the commission will ensure that the affected industry participants discuss the issue and pursue a resolution that's acceptable to industry participants. In the case of our industry, that's precisely what they do and over time have moved to motivate change and innovation.

The challenge in driving this change and innovation is the role that a single producer can play in slowing and restricting industry modernization. Right now, when the commission moves to implement change that is more reflective of modern commerce, a single appellant can hold up a change that is designed to benefit an entire industry. The risk is often very inhibiting and restricts the ability of the commission to fulfill its vision of making our agri-food sector competitive in a global environment.

The government has proposed a very simple yet critical change from our perspective. It will amend the Ministry of Agriculture, Food and Rural Affairs Act to assure that any commission directives that are general in application cannot be appealed to the tribunal. As long as these general directives are broad and not limited in application to a certain person or group of persons, or to a certain dispute or incident, the commission will be empowered to drive change in a timely manner without fear of lengthy, costly and sometimes frivolous interventions designed to hinder progress. There would still be appeal to the minister on the broader industry changes, a direct appeal that is more appropriate when these changes to industry have broader public policy purpose and therefore could potentially merit this kind of a review.

In the winery business, it's unclear to us whether the Ontario Farm Products Marketing Commission intends to implement some of the broader industry changes that we've long advocated for. Quite frankly, it could be quite the opposite. That's not why I'm here on behalf of the Wine Council today. I'm here because from a process perspective it's critical that if the province wants to continue to have a regulated marketing environment, its arm's-length agency should be able to act to fulfill its mandate for the greater good of the agri-food sector and the province without fear of interference from a singular processor or a singular producer.

As I've mentioned before, no other wine region in the world is confronted with the regulatory system and set of relationships that Ontario's wineries have with their growing community. In our view, it's a step forward to empower its agency to be able to allow our businesses, both on the grower side and on the processor side, to be more nimble and competitive. The proposed change in Bill 68 will accomplish that and I hope that all committee members will be supporting this change.

Some of you may be wondering why this is important for our economy and I leave you with this reminder. In Ontario, VQA wines play a role in the broader food and beverage processing industry. Our wineries are in some cases the largest industrial taxpayers in their communities. We've invested our capital in rural Ontario and we're significant drivers of tourism in the province. We function in the most competitive wine market in the world, where our retailer is bringing in the highest-value and highest-quality products from across the planet here to consumers. We need our industry to be modern, nimble and profitable. Any regulation that makes that

easier or has the potential to make it easier is one that will be supported by our members.

Thank you very much and I look forward to answering your questions.

The Chair (Mr. Pat Hoy): Thank you for the presentation. We now move to the NDP and our wine expert, Mr. Prue.

Mr. Michael Prue: Thank you very much for that introduction, Mr. Chair. I had an opportunity over the past week to visit some of the wineries in Essex county and was very impressed with the quality and the price. Just to let your members know, that was my first tour of that wine region.

1540

When I talked to the owners of those wineries—and I think I talked to almost all of them—their complaint was not about this bill or the wines that are being produced or how they're being sold, it was the difficulty in getting their wines to market. Because the wineries were small, there was very limited access to the LCBO. It was suggested to me that even if they could sell the wines in a local LCBO—maybe not across the whole system, but locally in the stores around—it would help in the marketing of their wines and in making them better known. Is that something that the Wine Council would—

Ms. Hillary Dawson: Yes, and in fact it is something that, through our work with the LCBO, they can do now. It's actually a new program at the LCBO, where you can go in one, two, three, four stores just in your area, if that's what you want to do. For those wineries, that's good news. I'd be happy to talk to any of them about the opportunity. In partnership with the LCBO, we've already done that.

Mr. Michael Prue: But although they agreed with that, they also said that the markup that they have to pay the LCBO—there's very little money made vis-à-vis selling it in their own facility.

Ms. Hillary Dawson: The two markup structures are different. We are partners with the government of Ontario on a strategy to support their sales into the LCBO channel. I think that will make the decision to sell at the LCBO a lot easier for them, when they think through the economics.

Not every winery is able to sell all of their wine through their cellar door, so we continually encourage them to pursue all opportunities. If it's just one LCBO store in their community, we hope that they'll take advantage of that.

Mr. Michael Prue: You have been quite clear that the provisions of this bill are to your liking. Is there anything that you advocated that was not put in the bill?

Ms. Hillary Dawson: No. Certainly, in terms of the Farm Products Marketing Commission, we think this is the next important step. We are always in discussion with the government about other elements of reducing red tape and making our businesses more nimble. We're hopeful that those will continue to come forward as part of the Open for Business initiative.

Mr. Michael Prue: There was some controversy last year around attempts to try to get fruit wines more readily available. Is your Wine Council involved with the fruit wineries at all?

Ms. Hillary Dawson: No. We represent manufacturers of grape wine. I'm certainly aware of their challenges, and they are challenges that every winery faces when trying to get in front of the LCBO. They buy a lot based on consumer preference, so a lot of the onus is on the wineries and their respective associations to bring those wines to consumers' attention so that they'll demand more and the wines will sell through when they get to market.

Mr. Michael Prue: I'm asking questions that are all really—we also have the VQA labelling and then you have “cellared in Canada.” I understand why that was done initially, but I'm wondering if we should insist that cellared-in-Canada wines have 51% Ontario grape product. The reason I'm asking that is, there are some grape growers who find from time to time that they cannot sell all of their wine, while we're importing primarily Chilean, I think, wines in bulk to blend. Does this cause any problems?

Ms. Hillary Dawson: A couple of things: Blending wines, as you would know as someone involved in wine, is a practice around the world. In every wine-making region, they all have their own blended wine products, so—

Mr. Michael Prue: Right, but hardly any of them bring them in from another country—well, no, in the EU, they do.

Ms. Hillary Dawson: They most certainly do. If you go to New Zealand, you can often be drinking a wine of New Zealand and Australian origin at the same time.

That being said, the issue of labelling is a federal one. I know the CFIA is reviewing it right now to make sure that the term is appropriate. We've recommended another term, which this province has supported, of “blended from international and Canadian wines,” which is a better descriptor of what those wines are.

We're working with the LCBO to make sure they're shelved appropriately. They eat about a third of our grape crop, which is good. Not all grapes are appropriate for all wines, whether they're blended or not, so any wholesale change in content—we're mindful that we don't want to make those wines uncompetitive, because it's not as though if they left our shelves, people would just gravitate to VQA wines. These are popular, value-priced wines and we'd rather we owned as much of that market as we could on wines made here in Ontario. I think that's important to remember.

Is 51% the right number? I don't know that. My members primarily don't make those wines. I leave it to CFIA to give us some judgments on that, coming forward.

Mr. Michael Prue: Thank you so much.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

I'd just remind the committee that amendments have to be filed with the clerk by noon on Thursday, August 5. We are adjourned.

The committee adjourned at 1545.

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of Ontario**
Second Session, 39th Parliament

**Assemblée législative
de l'Ontario**
Deuxième session, 39^e législature

**Official Report
of Debates
(Hansard)**
Friday 6 August 2010

**Journal
des débats
(Hansard)**
Vendredi 6 août 2010



**Standing Committee on
Finance and Economic Affairs**

Open for Business Act, 2010

**Comité permanent des finances
et des affaires économiques**

Loi de 2010 favorisant un Ontario
propice aux affaires

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Friday 6 August 2010

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Vendredi 6 août 2010

The committee met at 0902 in room 151.

OPEN FOR BUSINESS ACT, 2010

LOI DE 2010 FAVORISANT UN ONTARIO
PROPOSE AUX AFFAIRES

Consideration of Bill 68, An Act to promote Ontario as open for business by amending or repealing certain Acts / Projet de loi 68, Loi favorisant un Ontario propice aux affaires en modifiant ou en abrogeant certaines lois.

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We are here for clause-by-clause consideration of Bill 68.

I would ask if we could have unanimous consent to stand down sections 1, 2 and 3 until we get through the schedules. Do we have unanimous consent for that? Agreed.

I should mention that the packet at your desk is in order. In the one that was sent out, the numbering was wrong on one or two motions. The one that's on your desk today is the one we'll work with.

There are no amendments to schedule 1, sections 1 through 10. Shall they carry? Carried.

Shall schedule 1 carry? Carried.

Schedule 2, section 1, there are no amendments. Shall schedule 2, section 1, carry? Carried.

Now we're on schedule 2, section 2. There is a government motion, number 1 in your package. Mr. Sousa.

Mr. Charles Sousa: I'm going to need to ask the parliamentary assistant to the Ministry of the Attorney General to work on that section of the bill. Over to you.

The Chair (Mr. Pat Hoy): That's fine. I just need someone to read it in.

Mr. David Zimmer: I move that clause (b) of the definition of "improvement" in subsection 1(1) of the Construction Lien Act, as set out in subsection 2(2) of schedule 2 to the bill, be struck out and the following substituted:

"(b) any construction, erection or installation on the land, including the installation of industrial, mechanical, electrical or other equipment on the land or on any building, structure or works on the land that is essential to the normal or intended use of the land, building, structure or works, or"

The Chair (Mr. Pat Hoy): Any comment? Mr. Miller.

Mr. Norm Miller: If the parliamentary assistant could explain what the effect of this change is, it would be appreciated.

Mr. David Zimmer: We're responding to various stakeholder inputs to improve the clarity of the bill. If you want more technical detail I'll have someone from the ministry address that.

Mr. Norm Miller: Yes, please.

Mr. David Zimmer: If you'd come up and just identify yourself.

The Chair (Mr. Pat Hoy): Yes, we need your name before you begin.

Ms. Sheryl Cornish: Sheryl Cornish, counsel with justice policy development branch.

Ms. Andrea Strom: Andrea Strom, also counsel with the Ministry of the Attorney General.

The Chair (Mr. Pat Hoy): You can begin.

Ms. Sheryl Cornish: This motion would remove the part of the amended definition that refers to constructions that are reasonably likely to be sold together with the land, building, structure or works. It was just felt that this definition could potentially lead to confusion and perhaps litigation in terms of what that means in terms of "reasonably likely."

Mr. Norm Miller: So it's safe to say that it's clarifying and making more precise the language?

Ms. Sheryl Cornish: Right.

The Chair (Mr. Pat Hoy): Any other comment? I'll put the question. All in favour? Opposed? Carried.

Number 2 in your pack is an NDP motion. Mr. Marchese.

Mr. Rosario Marchese: I move that section 2 of schedule 2 to the bill be amended by adding the following subsection:

"(2.1) Section 26 of the act is amended by,

"(a) striking out 'Each payer upon the contract or a subcontract may' at the beginning and substituting 'Each payer upon the contract or a subcontract shall'; and

"(b) adding 'and the payment shall be made, without any set-off or other deduction, no later than 45 days after the day on which a copy of the certificate of substantial performance relating to the contract is published under subsection 32(1)'."

The Chair (Mr. Pat Hoy): I'll interrupt you there, Mr. Marchese. The motion is out of order. It amends a section of the act that isn't open.

Mr. Rosario Marchese: Can I make some arguments?

The Chair (Mr. Pat Hoy): No, you cannot. It's not debatable.

Mr. Rosario Marchese: I see.

The Chair (Mr. Pat Hoy): So we'll move to—

Mr. Rosario Marchese: Mr. Chair, the first motion was not out of order but the others are?

The Chair (Mr. Pat Hoy): Your motion is amending a section of the act that is not open.

Mr. Rosario Marchese: It surprises me because Mr. Zimmer was arguing that they're listening to the stakeholder input, and that improvement was one of the stakeholder suggestions that was made but they didn't respond to any of the other changes that I was about to read for the record.

The Chair (Mr. Pat Hoy): His section of the act was open, yours is not, so we'll move on. We'll go to page 3; NDP motion. Mr. Marchese.

Mr. Rosario Marchese: You want me to read it so that—I'll read it, and then you can rule it out of order. This is in response to the stakeholders that made a submission to this committee and to the government.

I move that section 2 of schedule 2 to the bill be amended by adding the following subsection:

“(2.2) Clause 31(2)(a) of the act is amended by striking out ‘the earlier of’ in the portion before subclause (i) and substituting ‘the later of.’”

The Chair (Mr. Pat Hoy): I will rule this one out of order for the same reason as the previous motion.

Number 4.

0910

Mr. Rosario Marchese: This, too, is in response to COCA—Construction in Ontario, building and construction trades council of Ontario. This is one of the other amendments they were trying to get into the bill, which I thought would find favour with this government. Usually I've got another political member on the other side who works with me on these things, but I don't see him here today.

I move that section 2 of schedule 2 to the bill be amended by adding the following subsection:

“(2.3) Subclause 31(2)(a)(ii) of the act is repealed and the following substituted:

“(ii) the date the contract is completed, subject to its being abandoned by the contractor; and”

The Chair (Mr. Pat Hoy): And I will also rule this motion out of order for the same reason as previously.

Mr. Rosario Marchese: The other motion deals with lien rights as well. It was intended to allow the contractors to be able to put a lien when they don't get the money that they deserve.

I move that section 2 of schedule 2 to the bill be amended by adding the following subsection:

“(2.4) Clause 31(2)(b) of the act is repealed and the following substituted:

“(b) for services or materials supplied to the improvement where there is no certification or declaration of the substantial performance of the contract, or for services or

materials supplied to the improvement after the date certified or declared to be the date of the substantial performance of the contract, expires 45 days after the day on which the contract is completed, subject to its being abandoned by a person supplying services or materials in respect of the contract.”

The Chair (Mr. Pat Hoy): I would rule this motion out of order for the same reason as the previous motion.

Mr. Norm Miller: Chair? So for this to be in order, would the government have to have amended this section of the bill? Can you just explain why he's not able to amend any of these?

The Chair (Mr. Pat Hoy): The section that we just went through has not been opened under Bill 68. That section wasn't opened.

Mr. Norm Miller: When you say “opened,” you mean that the government didn't amend any parts of that section? Is that what you mean by open?

The Chair (Mr. Pat Hoy): That's correct.

Mr. Norm Miller: Okay.

The Chair (Mr. Pat Hoy): I'll now move to number 6, which is one of your motions.

Mrs. Julia Munro: I move that section 2 of schedule 2 to the bill be amended by adding the following subsection:

“(14) The act is amended by adding the following subsection:

“Review of Open for Business Act, 2010 amendments

“89. No later than the second anniversary of the day on which the Open for Business Act, 2010 receives royal assent, a committee of the Legislature shall,

“(a) consider the concerns raised by the Council of Construction Associations before the Standing Committee on Finance and Economic Affairs with respect to the amendments made to this act by the Open for Business Act, 2010; and

“(b) report to the assembly as to whether any or all of the concerns have been addressed, and if so, how.”

The Chair (Mr. Pat Hoy): This motion is also out of order for the same reasons as I stated on Mr. Marchese's motions.

Mrs. Julia Munro: Could I just make a comment at this point?

The Chair (Mr. Pat Hoy): It's not debatable.

Mr. Rosario Marchese: Make the comment when you introduce the amendment. That's the debate.

Mrs. Julia Munro: I'm not debating it; I'm just making a comment. When the Council of Construction Associations came before the standing—

The Chair (Mr. Pat Hoy): No, we're not going to discuss a motion that isn't in order.

Mrs. Julia Munro: Okay.

The Chair (Mr. Pat Hoy): Now we'll move to page 7 and a government motion.

Mr. David Zimmer: Thank you, Chair—

The Chair (Mr. Pat Hoy): Oh, just one moment: We're finished with that, so everyone listen in—

Mr. Norm Miller: On a point of order, Mr. Chair: Is there some way that you can advise us in advance? Because legislative counsel did not advise us that this was out of order. Is there some way that the committee can provide direction as to—before we go through the process of listening to the stakeholders, making amendments and then finding they're out of order?

The Chair (Mr. Pat Hoy): In all cases, with Mr. Marchese and yourselves, you did put your motion on the record, but there isn't anything I can do except to rule that it is out of order.

Mr. Norm Miller: So you would suggest that we just take it upon ourselves to make sure we get legislative counsel to tell us if it's in order or not?

The Chair (Mr. Pat Hoy): That is up to you, yes.

Mr. Norm Miller: Thank you.

The Chair (Mr. Pat Hoy): Shall schedule 2, section 2, as amended, carry? Carried.

There are no amendments to schedule 2, sections 3 and 4. Shall those sections carry? Carried.

Now we're on number 7 in your packet: government motion, Mr. Zimmer.

Mr. David Zimmer: I move that subsection 26(13) of the Professional Engineers Act, as set out in subsection 5(56) of schedule 2 to the bill, be amended by striking out "to the council, to the complaints committee and to the person complained against" at the end and substituting "to the council and to the complaints committee".

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Carried.

Page 8: government motion, Mr. Zimmer.

Mr. David Zimmer: I move that subsection 5(58) of schedule 2 to the bill be struck out and the following substituted:

"(58) Subsection 26(17) of the act is repealed and the following substituted:

"Consideration of report by council

"(17) The council shall consider every report, and any recommendations included in the report, that it receives from the complaints review councillor, and shall notify the complaints review councillor of any action it takes as a result.

"Consideration of report by complaints committee

"(18) The complaints committee shall consider every report, and any recommendations included in the report, that it receives from the complaints review councillor, and shall notify the complaints review councillor of any action it takes as a result."

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: If the parliamentary assistant could explain the nuances of this, it would be appreciated.

Mr. David Zimmer: The motion preserves the requirement in the current act that council will review every report of the complaints review councillor. The bill would then be adding the complaints committee rather than substituting the complaints committee. If you would like further explanation, there are people from the ministry here.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Sheryl Cornish: Currently in the act, every report of the complaints review councillor is considered by just the council. The Professional Engineers requested that the reports instead be considered by the complaints committee. They requested this further amendment to add "council" again, so reports would be considered by both council and the complaints committee.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? Carried.

Number 9 in your packet: Mr. Zimmer.

Mr. David Zimmer: I move that subsection 27(5) of the Professional Engineers Act, as set out in subsection 5(59) of schedule 2 to the bill, be struck out and the following substituted:

"Referral to panel

"(5) Within 90 days after a matter is referred to the discipline committee for hearing and determination, the chair may,

"(a) select a panel from among the members of the committee that includes at least one of each of the persons appointed under paragraphs 1, 2, 3 and 4 of subsection (1);

"(b) designate one of the members of the panel to chair it;

"(c) refer the matter to the panel for hearing and determination; and

"(d) set a date, time and place for the hearing."

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Number 10, the official opposition.

Mrs. Julia Munro: I move that section 5 of schedule 2 to the bill be amended by adding the following subsection:

"(67) The act is amended by adding the following subsection:

"Review of Open for Business Act, 2010 amendments

"50. No later than the second anniversary of the day on which the Open for Business Act, 2010 receives royal assent, a committee of the Legislature shall,

"(a) consider the concerns raised by the Ontario Professional Planners Institute before the Standing Committee on Finance and Economic Affairs with respect to the amendments made to this act by the Open for Business Act, 2010, and in particular concerns respecting whether the amendments in any way affect the ability of a person to practise professional planning without being the holder of a licence, temporary licence, provisional licence or limited licence under this act; and

"(b) report to the assembly as to whether any or all of the concerns have been addressed, and if so, how."

0920

The Chair (Mr. Pat Hoy): This motion is also out of order. It deals with an amendment to a section of the act that isn't open.

Shall schedule 2, section 5, as amended, carry? Carried.

Government motion number 11: Mr. Zimmer.

Mr. David Zimmer: I move that subsection 6(1) of schedule 2 to the bill be amended by striking out "Subject to subsections (2) and (3)" at the beginning and substituting "Subject to subsection (2)".

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Yes. An explanation, please.

Mr. David Zimmer: This motion, along with motions 13 and 14 that are following, will ensure that the amendment to repeal the industrial exception in the Professional Engineers Act comes into force on proclamation rather than five years after royal assent.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Number 12: Mr. Zimmer.

Mr. David Zimmer: I move that paragraph 1 of subsection 6(2) of schedule 2 to the bill be amended by striking out "(10), (12)" and substituting "(10), (11), (12)".

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Is this number 12 also connected with your—

Mr. David Zimmer: Yes. This ensures that all the related amendments to the Construction Lien Act come into force at the same time. It's a technical amendment.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Number 13: Mr. Zimmer.

Mr. David Zimmer: I move that paragraph 3 of subsection 6(2) of schedule 2 to the bill be amended by adding "(17)" after "(15)".

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Number 14: Mr. Zimmer.

Mr. David Zimmer: I move that subsection 6(3) of schedule 2 to the bill be struck out.

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Opposed? Carried.

Shall schedule 2, section 6, as amended, carry? Carried.

Shall schedule 2, as amended, carry? Carried.

There are no amendments to schedule 3, section 1. Shall schedule 3, section 1, carry? Carried.

Now we're on government motion number 15 in your packet. Mr. Zimmer?

Mr. David Zimmer: I move that subsection 2(1) of the Commercial Mediation Act, 2010, as set out in schedule 3 to the bill, be struck out and the following substituted:

"Application

"(1) Subject to subsections (1.1), (3) and (4), this act applies to a mediation of a commercial dispute if the mediation commences on or after the day this act comes into force.

"Agreement to opt out of or modify application of act

"(1.1) The parties to a mediation of a commercial dispute may,

"(a) agree not to have this act apply to the mediation; or

"(b) subject to subsections 4(4) and 7(5), apply this act with such modifications as the parties have agreed on."

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Yes. I'd definitely like an explanation of this one, please.

Mr. David Zimmer: The motion really just improves the certainty in the bill and has been supported by all of the stakeholders. I have further detail here, if you would like.

Mr. Norm Miller: What stakeholders would that be?

Mr. David Zimmer: Madam?

The Chair (Mr. Pat Hoy): Identify yourself first, and then—

Ms. Judy Hayes: Hi. My name is Judy Hayes. I'm counsel at the Ministry of the Attorney General.

This section was brought in after discussions with both civil litigators and mediation practitioners. This provision is just to say that the bill only applies to mediations that begin after the bill comes into force. It's just to improve clarity.

The Chair (Mr. Pat Hoy): Any other comment? I'll put the question. All in favour? Opposed? Carried.

Shall schedule 3, section 2, as amended, carry? Carried.

We have no amendments to schedule 3, sections 3 through to 8. Shall those sections carry? Carried.

Schedule 3, section 9, number 16: Mr. Zimmer?

Mr. David Zimmer: I move that subsection 9(1) of the Commercial Mediation Act, 2010, as set out in schedule 3 to the bill, be amended by striking out "Subject to subsection (2)" at the beginning and substituting "Subject to subsections (2) and (3)".

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Number 17: Mr. Zimmer.

Mr. David Zimmer: I move that subsection 9(3) of the Commercial Mediation Act, 2010, as set out in schedule 3 to the bill, be struck out and the following substituted:

"Same, to determine costs

"(3) Information about the conduct of a party to the mediation or the conduct of the mediator may be disclosed after the final resolution of the dispute to which the mediation relates for the purpose of determining costs of the mediation or of proceedings taken because the mediation did not succeed."

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Shall schedule 3, section 9, as amended, carry? Carried.

There are no amendments to schedule 3, sections 10 through 12. Shall they carry? Carried.

Now we are on number 18 in your packet. Mr. Zimmer?

Mr. David Zimmer: I move that clause 13(7)(b) of the Commercial Mediation Act, 2010, as set out in schedule 3 to the bill, be struck out and the following substituted:

“(b) the costs of and incidental to the registration of the settlement agreement and the application for registration are recoverable as if they were sums payable under a judgment.”

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Opposed? Carried.

Number 19: Mr. Zimmer.

Mr. David Zimmer: I move that section 13 of the Commercial Mediation Act, 2010, as set out in schedule 3 to the bill, be amended by adding the following subsection:

“Costs

“(8) The costs referred to in clause (7)(b) shall be in the amount,

“(a) that is prescribed by the regulations or determined by the registrar in accordance with the regulations; or

“(b) that is determined by the registrar, in his or her discretion, if no regulation under clause 15(a.1) is in force at the time the settlement agreement is filed with the registrar.”

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Shall schedule 3, section 13, carry, as amended? Carried.

There are no amendments to schedule 3, section 14. Shall it carry? Carried.

Number 20.

Mr. David Zimmer: I move that section 15 of the Commercial Mediation Act, 2010, as set out in schedule 3 to the bill, be amended by adding the following clause:

“(a.1) prescribing the amount of costs recoverable by a party under clause 13(7)(b) or principles to be applied by the registrar to determine the amount of those costs;”

The Chair (Mr. Pat Hoy): Any comment? I'll put the question. All in favour? Opposed? Carried.

Shall schedule 3, section 15, as amended, carry? Carried.

There are no amendments to schedule 3, sections 16 and 17. Shall they carry? Carried.

Shall schedule 3, as amended, carry? Carried.

There are no amendments to schedule 4, sections 1 through 31. Shall they all carry? Carried.

0930

Shall schedule 4 carry? Carried.

Schedule 5, there are no amendments. Schedule 5, sections 1 through 7: Shall those sections carry? Carried.

Shall schedule 5 carry? Carried.

Schedule 6, sections 1 through 4, inclusive, have no amendments. Shall they carry? Carried.

Shall schedule 6 carry? Carried.

There are no amendments to schedule 7, section 1. Shall it carry? Carried.

Now, the NDP motion on page 21. Mr. Marchese.

Mr. Rosario Marchese: I just wanted to, for the record, say that a lot of the amendments we make come from the Canadian Institute for Environmental Law and Policy and Ecojustice. It was a very good brief and I enjoyed it very much.

I move that section 2 of schedule 7 to the bill be amended by adding the following subsection:

“(3.1) Section 4 of the act is amended by adding the following subsections:

“Adverse effects on the environment

“(4) The minister shall take all reasonable steps to ensure that cumulative adverse effects on the environment are prevented, mitigated or minimized whenever decisions that may directly or indirectly affect the environment are made within the ministry or by the director, including decisions,

“(a) to propose laws in relation to environmental compliance approvals;

“(b) to propose regulations in relation to environmental compliance approvals or the environmental activity and sector registry;

“(c) to issue or amend orders or environmental compliance approvals; and

“(d) to prepare or amend policies, guidelines, objectives or other guidance documents in relation to environmental compliance approvals or the environmental activity and sector registry.

“Documentation

“(5) The minister's duty described in subsection (4) includes an obligation to ensure that written explanations are prepared in relation to decisions listed in that subsection, setting out how the decision will prevent, mitigate or minimize cumulative adverse effects on the environment.”

The Chair (Mr. Pat Hoy): I'll interrupt you there, Mr. Marchese. This amendment is out of order as it amends a section of the act that is not open.

Now we'll move to the government motion on page 22. Mr. Sousa.

Mr. Charles Sousa: I move that section 2 of schedule 7 to the bill be amended by adding the following subsections:

“(11.1) Subsections 19(9), (10) and (11) of the act are repealed.

“(11.2) Section 19 of the act is amended by adding the following subsections:

“Minister to publish information

“(12) The minister shall publish, by electronic or other means, the following information for the purpose of making it available to the public:

“1. Information in respect of environmental compliance approvals issued after this subsection comes into force.

“2. Other information that relates to any other instrument created or issued under this act or the Ontario Water Resources Act and that is specified in a regulation made by the minister.

“No application of index record

“(13) Subsections (9) to (11) do not apply in respect of an order, approval or certificate of property use if the minister has published information about the order, approval or certificate of property use under subsection (12).”

“(11.3) Subsection 19(13) of the act is repealed.”

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Yes, Mr. Chair. If the parliamentary assistant could explain why this amendment is required?

Mr. Charles Sousa: This amendment would provide the regulated community and the public with greater access to instruments made under the EPA and OWRA and would modernize the manner in which the ministry makes these instruments publicly available. Over time, the obligations under subsections 19(9) to 19(11) to maintain the index of names of persons to whom instruments are issued and the obligations to carry out searches of the index records would become obsolete.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question: All in favour? Opposed? Carried.

Number 23: Mr. Sousa.

Mr. Charles Sousa: I move that subsection 20.4(4) of the Environmental Protection Act, as set out in subsection 2(12) of schedule 7 to the bill, be amended by striking out “subsection (3)” and substituting “subsections (1) and (2).”

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Number 24: Mr. Sousa.

Mr. Charles Sousa: I move that subsection 20.20(1) of the Environmental Protection Act, as set out in subsection 2(16) of schedule 7 to the bill, be amended by striking out “registry” and substituting “public registry.”

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Number 25: Mr. Sousa.

Mr. Charles Sousa: I move that paragraph 2 of subsection 20.20(2) of the Environmental Protection Act, as set out in subsection 2(16) of schedule 7 to the bill, be amended by striking out “facilitate” and substituting “provide.”

The Chair (Mr. Pat Hoy): Any comment? Mr. Miller.

Mr. Norm Miller: If the parliamentary assistant could explain what this relates to?

Mr. Charles Sousa: This section of the act is striking out “registry” and substituting “public registry,” and the amendment clarifies that the environmental activities and the sector registry will be a public registry, emphasizing the public nature of the information on the registry.

The Chair (Mr. Pat Hoy): Thank you. Any other comment? Hearing none, all in favour? Opposed? Carried.

Now it's an NDP motion. Mr. Marchese.

Mr. Rosario Marchese: My sense is that you might rule this one out of order. Why you ruled 21 out of order is beyond me, because I thought it was very much in order. But I'm going to, for the record.

The Chair (Mr. Pat Hoy): You should read it into the record and find out. Number 26.

Mr. Rosario Marchese: I move that section 20.20 of the Environmental Protection Act, as set out in subsection 2(16) of schedule 7 to the bill, be amended by adding the following subsections:

“Application of other act

“(6) A registration of an activity prescribed by the regulations for the purposes of subsection (1) shall be deemed to be an instrument as defined in the Environmental Bill of Rights, 1993.

“No immunity from liability

“(7) For greater certainty, the registration in the registry of an activity prescribed by the regulations for the purposes of subsection (1) does not relieve a person who engages in the activity of any liability to which the person would otherwise be subject.”

The Chair (Mr. Pat Hoy): Any comment?

Mr. Rosario Marchese: Interesting.

We think that this is an amendment that many of the Liberal members would want to support. So in terms of “(6) A registration of an activity prescribed by the regulations for the purposes of subsection (1) shall be deemed to be an instrument as defined in the Environmental Bill of Rights,” it says that it would require governments to provide public notice and a 30-day comment period for these instruments, and it also would provide for public right to appeal those instruments.

That's what the Environmental Bill of Rights does. We think that, as the government moves forward to deal with these 6,000 requests which they have to deal with every year for certification of approval, the public deserves to have a right, in this two-tier system that they're moving to, to get notice and to comment, because we believe it's for the public good. We believe that if the public believes there's a problem with respect to some company that wants to do something and registers it and/or has to apply for a certificate of approval, if they have the ability to comment, then it would all be for the greater good, for government and the public in general, to allow them to do that and to have the right to appeal.

I'm not quite sure why the government might not want to support this, but we believe it's a very useful thing to allow the public a right to comment on anything related to environmental issues that affects them in particular and generally.

0940

The Chair (Mr. Pat Hoy): Any other comment? Mr. Sousa.

Mr. Charles Sousa: The purpose of the modernization of approvals initiative is to provide a registration process for lower-risk, standard and well-understood, less complex activities. Development of the regulations will include extensive consultations on the

regulations and will explore options to increase public participation. The registrations will provide greater public transparency by providing detailed registration information on a public information website.

The addition of the subsections is unnecessary in that there's nothing in the bill that would suggest the registrants' liabilities are impacted by registration of an activity. Adding this subsection could create confusion in other legislation where such an express provision is not present.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Marchese.

Mr. Rosario Marchese: I'm really not sure how it creates confusion. The parliamentary assistant says they're going to explore options for participation. I don't understand what that means. My amendment guarantees that there will be public comment and participation. It guarantees it. I don't understand how that could cause confusion. The government speaks about wanting, as its goal, to improve public transparency. This does it. This gives the public the transparency that they would presumably look for. "Exploring options for participation" doesn't mean anything to me. It means they could; it means they could not. It means that public participation may or may not happen. Exploration of it suggests to me that nothing is going to happen. So if the parliamentary assistant could alleviate my concern and suggest to me how this creates confusion, that would be helpful.

Secondly, he talks about lower-risk kinds of approvals. The way he presents it, lower risk sounds as if it's not a big deal. But lower risk, cumulatively, in a community that already has environmental problems, is an issue that needs to be addressed. Nothing is lower risk, and so it needs to be defined.

The Canadian Institute for Environmental Law and Policy makes very good arguments as to why we should have built into this approval process a public right to participate, to comment, and to have an appeal built into it. If you could explain that in terms of why this would create confusion, that would be helpful.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Charles Sousa: Again, the purpose of the registry is to simplify the process, streamline the process, and ensure the public have the right to see what's being registered immediately by putting it on the public record. Nothing prevents the public from appealing those situations as they proceed forward—on the high-risk situations. HVAC or some of the other simplified purposes for submissions is what's being provided here.

Mr. Rosario Marchese: I knew the explanation wouldn't be very helpful.

I know it will simplify it for a lot of individuals and corporations who will get an approvals process. I know that there are 6,000 requests a year for certification of approvals, and I understand you want to facilitate and make it easier for them to get those approvals, but I'm not sure this is going to be that easy and/or that this will simplify the process at all. I'm not clear that the public

will get the notice and the 30-day comment, and it's not clear whether they will have the right to appeal, and I wanted to stress that as forcefully as I can.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Opposed? The motion is lost.

Number 27: government motion, Mr. Sousa.

Mr. Charles Sousa: I move that subsection 2(18) of schedule 7 to the bill be struck out and the following substituted:

"(18) Section 27 of the act is amended by adding the following subsection:

"Exception, routine maintenance

"(1.3) Subsection (1) does not apply to routine maintenance carried out on any waste management system or waste disposal site."

The Chair (Mr. Pat Hoy): Comment, if any? Mr. Miller.

Mr. Norm Miller: Explanation, please, from the parliamentary assistant.

Mr. Charles Sousa: It's an administrative change. The provision was put in the wrong subsection.

Mr. Norm Miller: Thanks.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? Carried.

Number 28: Mr. Sousa.

Mr. Charles Sousa: I move that section 2 of schedule 7 to the bill be amended by adding the following subsection:

"(34.1) Section 45 of the act is amended by adding the following subsection:

"Exception

"(1.2) Subsection (1.1) does not apply if the director removes the registration from the registry as a result of issuing an order under section 20.18, unless the director refuses to issue an environmental compliance approval in respect of the waste disposal site or waste management system."

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Carried.

Number 29: Mr. Sousa.

Mr. Charles Sousa: Thank you, Mr. Chair. I move that subsection 2(35) of schedule 7 to the bill be struck out and the following substituted:

"(35) Paragraph 1 of subsection 47.3(1) of the act is amended by striking out 'subsection 9(1) or (7) of this act would require a certificate of approval' at the end and substituting 'subsection 9(1) of this act would require an environmental compliance approval'."

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Number 30: Mr. Sousa.

Mr. Charles Sousa: I move that subsection 2(37) of schedule 7 to the bill be struck out and the following substituted:

"(37) Paragraph 5 of subsection 47.3(1) of the act is amended by striking out 'subsection 53(1) or (5) of the Ontario Water Resources Act would require an approval'

at the end and substituting 'subsection 53(1) of the Ontario Water Resources Act would require an environmental compliance approval'."

The Chair (Mr. Pat Hoy): Any comment? I'll put the question. All in favour? Opposed? Carried.

Number 31: Mr. Sousa.

Mr. Charles Sousa: I move that section 2 of schedule 7 to the bill be amended by adding the following subsection:

"(37.1) Paragraph 1 of subsection 47.3 (2) of the act is repealed and the following substituted:

"1. Subsection 9(1) of this act."

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Mr. Chair, an explanation, please, from the parliamentary assistant?

Mr. Charles Sousa: Again, it's an administrative amendment. It removes a reference to a subsection that will be revoked.

Mr. Norm Miller: Thanks.

The Chair (Mr. Pat Hoy): Any other comment? I'll put the question. All in favour? Opposed? Carried.

Number 32: Mr. Sousa.

Mr. Charles Sousa: I move that subsection 2(63) of schedule 7 to the bill be struck out.

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Government motion 33: Mr. Sousa.

Mr. Charles Sousa: I move that section 2 of schedule 7 to the bill be amended by adding the following subsection:

"(64.1) Clause 175.1(1) of the act is amended by adding 'subject to subsection (5)' at the beginning."

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Opposed? Carried.

Number 34: Mr. Sousa.

Mr. Charles Sousa: I move that section 175.1 of the Environmental Protection Act, as amended by subsection 2(65) of schedule 7 to the bill, be further amended by adding the following subsection:

"Minister's regulations

"(5) The minister may make regulations specifying anything that this act describes as being specified in a regulation made by the minister."

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Number 35 is an NDP motion. Mr. Marchese?

Mr. Rosario Marchese: I move that section 177.1 of the Environmental Protection Act, as amended by subsection 2(73) of schedule 7 to the bill, be struck out.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Rosario Marchese: Yes. It's important to point out that currently there is a crown immunity clause set out in this section of the Environmental Protection Act. What this means is that the regulatory negligence actions are precluded in relation to any matter arising out of the permit-by-rule system, such as the one set out in the proposed registry.

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We believe that in doing this we allow for civil remedies for adverse impacts caused by activities subject to the registration system, and it's for that reason that we are asking that this section be struck out.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Sousa.

Mr. Charles Sousa: This section is about protecting the crown from liability where regulation exempts a person from having to get an approval, a licence or a permit. For example, there's a regulation that exempts composting facilities from having to get an approval. The crown is protected regardless of whether the person followed the regulation or not.

This section would not apply to the registry, as the exemption from an approval is made through the legislation and not a regulation. Also, removing this section has broader policy implications than just the modernization of approvals initiatives.

Mr. Rosario Marchese: And what are those broader policy implications?

Mr. Charles Sousa: Removal of this clause would have broader implication than just the modernization because it would impact on the crown's liability in relation to other existing and future regulations, and section 77.1 does not apply to regulations made with respect to the new registry system, as these do not provide the exemption from obtaining an approval. The act provides the exemption.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Opposed? The motion is lost.

Number 36 is an official opposition motion. Mr. Miller.

Mr. Norm Miller: Our critic has stepped out for a second. I'll deal with this one, then.

I move that subsection 182.3(2) to (6) of the Environmental Protection Act, as set out in subsection 2(78) of schedule 7 to the bill, be struck out and the following substituted:

"Order

"(2) The director may, subject to the regulations, issue an order requiring a person to pay an administrative penalty if the director is of the opinion that the person has contravened any of the requirements mentioned in paragraph 1 of subsection (1).

"Limitation

"(3) An order mentioned in subsection (2) shall be served not later than one year after the day on which evidence of the contravention first came to the attention of the director.

"Amount of penalty

"(4) The amount of the administrative penalty for each day or part of a day on which a contravention occurred or continues to occur shall be determined by the director in accordance with the regulations.

"Total penalty

"(5) The amount of the administrative penalty shall not exceed \$100,000 for each contravention."

If I may explain that, I believe it came from the submission by the Canadian Manufacturers and Exporters, who were concerned that the administrative penalties were at the discretion of officers or directors. It was their recommendation that it be only a director, not an officer, and I believe that's what this amendment achieves.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Charles Sousa: The government will be proposing motions to more effectively address the stakeholder concerns relating to the administrative penalties while balancing the need to provide effective new compliance tools for the registry. The administrative nature of the violations subject to the administrative penalties and the need for the new compliance tools to address the contraventions lend themselves to the provincial officers issuing these penalties under specified circumstances.

Mr. Norm Miller: Through the Chair to the parliamentary assistant: Just for clarification, the amendments that you're proposing—you're still going to have officers administer these—

Mr. Charles Sousa: We'll be amending it to clarify. It's in the subsequent motion.

Mr. Norm Miller: Okay. Thank you.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

Number 37: government motion, Mr. Sousa.

Mr. Charles Sousa: I move that subsection 182.3(1) of the Environmental Protection Act, as set out in subsection 2(78) of schedule 7 to the bill, be struck out and the following substituted:

"Administrative penalties

"182.3(1) The purpose of an administrative penalty issued under this section is,

"(a) to ensure compliance with,

"(i) the requirement to apply for a review under subsection 20.4(2),

"(ii) the requirement to register an activity under subsection 20.21(1),

"(iii) the requirement to maintain and update a registration under subsection 20.22(2), or

"(iv) the requirement to carry out measures set out in a notice under section 157.4; or

"(b) to prevent a person or entity from deriving, directly or indirectly, any economic benefit as a result of contravening the requirements mentioned in clause (a)."

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Number 38: Mr. Sousa.

Mr. Charles Sousa: I move that subsection 182.3(2) of the Environmental Protection Act, as set out in subsection 2(78) of schedule 7 to the bill, be struck out and the following substituted:

"Order by provincial officer

"(2) A provincial officer may, subject to the regulations, issue an order requiring a person to pay an administrative penalty if,

"(a) the provincial officer is of the opinion that the person has contravened any of the requirements mentioned in clause (1)(a); and

"(b) the regulations authorize the issue of the order by a provincial officer.

"Order by director

"(2.1) The director may, subject to the regulations, issue an order requiring a person to pay an administrative penalty if the director is of the opinion that the person has contravened any of the requirements mentioned in clause (1)(a)."

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Number 39: Mr. Sousa.

Mr. Charles Sousa: I move that subsection 182.3(3) of the Environmental Protection Act, as set out in subsection 2(78) of schedule 7 to the bill, be amended by striking out "subsection (2)" and substituting "subsection (2) or (2.1)".

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Opposed? Carried.

Number 40: Mr. Sousa.

Mr. Charles Sousa: I move that section 182.3 of the Environmental Protection Act, as set out in subsection 2(78) of schedule 7 to the bill, be amended by adding the following subsection:

"Orders not to be issued to employees, officers, directors or agents

"(3.1) If a person who is required to comply with a requirement mentioned in subsection (1) is a corporation, an order under subsection (2) or (2.1) shall not be issued to an employee, officer, director or agent of the corporation."

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Government motion number 41: Mr. Sousa.

Mr. Charles Sousa: I move that subsection 182.3(7) of the Environmental Protection Act, as set out in subsection 2(78) of schedule 7 to the bill, be amended by striking out "subsection (2)" in the portion before clause (a) and substituting "subsection (2) or (2.1)".

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Government motion on page 42: Mr. Sousa.

Mr. Charles Sousa: I move that clause 182.3(7)(d) of the Environmental Protection Act, as set out in subsection 2(78) of schedule 7 to the bill, be struck out and the following substituted:

"(d) provide information to the person as to the person's right to require,

"(i) a hearing under section 140, if the order is issued by the director, or

“(ii) a review under section 182.3.1, if the order is issued by a provincial officer.”

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Opposed? Carried.

Government motion number 43: Mr. Sousa.

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Mr. Charles Sousa: Mr. Chair, give me a moment; it's a long one.

I move that subsection 2(78) of schedule 7 to the bill be further amended by adding the following section to the Environmental Protection Act:

“Review of administrative penalty imposed by provincial officer

“182.3.1(1) A person who is required by an order issued by a provincial officer to pay an administrative penalty may, within seven days after being served with the order, request that the director review the order.

“Request for review

“(2) A request for a review shall be made in writing and shall include,

“(a) a statement of whether the review applies to the liability to pay the penalty, the amount of the penalty or both;

“(b) any submissions that the person requesting the review wishes the director to consider; and

“(c) for the purposes of subsection (7), an address for service by mail, fax or such other means of service as the regulations may prescribe.

“Stay

“(3) If a person requests a review, the requirement to pay the administrative penalty is stayed until the disposition of the matter.

“Decision of director

“(4) A director who receives a request for a review may,

“(a) revoke the order of the provincial officer; or

“(b) by order directed to the person who requested the review, confirm or alter the order of the provincial officer.

“Same

“(5) For the purposes of subsection (4), the director may substitute his or her opinion for that of the provincial officer.

“Amount of penalty

“(6) For greater certainty, if the review applies to the amount of the penalty, the regulations made under clause 182.3(11)(b) apply for the purposes of the review.

“Notice of decision

“(7) The director shall serve a person requesting a review with a copy of,

“(a) the director's decision or order under subsection (4); and

“(b) if the director issues an order under clause (4)(b), the reasons for the order.

“Automatic confirmation of order

“(8) If the director does not comply with subsection (7) within seven days after receiving a request for a review, the order in respect of which the review was

requested shall be deemed to have been confirmed by order of the director.

“Same

“(9) For the purposes of section 140, a deemed confirmation by order of the director under subsection (8) shall be,

“(a) deemed to be directed to the person to whom the order of the provincial officer was directed; and

“(b) deemed to have been served on the person mentioned in clause (a) on the last day of the time period mentioned in subsection (8).

“Exception

“(10) Subsections (8) and (9) do not apply if, within seven days after receiving the request for a review, the director gives written notice to the person requesting the review stating that the director requires additional time to make a decision.

“Regulations

“(11) The Lieutenant Governor in Council may make regulations specifying the form and content of orders under this section.”

The Chair (Mr. Pat Hoy): Any comment? Ms. Munro.

Mrs. Julia Munro: I'm just wondering if the parliamentary assistant could explain further the part with reference to the automatic confirmation of order.

Mr. Charles Sousa: I'd like to actually call on some of the individuals who could come up. As I read the amendment, it's to provide a right to make a written request, but there's a lot more in terms of the administrative penalties, and the director can revoke, confirm or alter some of those officer orders. But I'd rather they explain it more effectively than I.

Ms. Cynthia Brandon: Cynthia Brandon, with the legal services branch of the Ministry of the Environment. The automatic confirmation of an order is put in there so that if, in fact, the director has not done the review of the order within the seven days, then the order is deemed to be confirmed. What that would then trigger is a director's order, and then that would trigger the right of the person who received the order, under section 140, to further appeal that order to the ERT if they so desired.

Mrs. Julia Munro: Okay, it was just the last part of that. I needed the explanation of the fact that it is the provincial officers not meeting it. That's what it means, that it triggers the director involvement.

Ms. Cynthia Brandon: I'm sorry. I didn't catch that.

Mrs. Julia Munro: If I understand what you said, it's that if the provincial officer doesn't meet the seven days, then it automatically goes to the director.

Ms. Cynthia Brandon: The provincial officer would have made the order establishing the penalty and provided it to the individual. The individual would then have requested a review of that order by the director. If the director does not complete his review in seven days, then that order of the provincial officer is automatically confirmed, but it's confirmed as an order of the director. That's what will then trigger the rights of appeal under section 140.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Shall schedule 7, section 2, as amended, carry? Carried.

There are no amendments to schedule 7, sections 3, 4, 5, 6, 7 and 8. Shall those carry? Carried.

Now—

The Clerk of the Committee (Mr. William Short): Oh, wait. Yes, there was. There's an amendment in section 6—right here.

The Chair (Mr. Pat Hoy): We were wrong, then. We'll have to go back. There is a section that has an amendment.

Schedule 7, section 6, number 44: government motion, Mr. Sousa.

Mr. Charles Sousa: I move that section 6 of schedule 7 to the bill be struck out and the following substituted:

"6. The Waste Management Act, 1992 is repealed."

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Carried.

Shall schedule 7, section 6, as amended, carry? Carried.

Shall schedule 7, section 7, carry? Carried.

Shall schedule 7, section 8, carry? Carried.

Page 45: government motion, Mr. Sousa.

Mr. Charles Sousa: I move that paragraph 4 of subsection 9(2) of schedule 7 to the bill be struck out.

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Carried.

Shall schedule 7, as amended, carry? Carried.

There are no amendments to schedule 8, sections 1, 2, 3, 4 and 5, inclusive. Shall schedule 8 carry? Carried.

Number 46: NDP motion, Mr. Marchese.

Mr. Rosario Marchese: First of all, I want to congratulate the Workers' Action Centre and Parkdale Community Legal Services for the submission they made. I found it very persuasive, and it's from their arguments that we have made some of these amendments.

I move that subsection 1(3) of schedule 9 to the bill be struck out.

What this would do is eliminate self-enforcement in temp help agencies.

There are 14,000 claims in backlog, so we know the government needs to deal with this matter. But I support the opinions put forth by the Workers' Action Centre and Parkdale Community Legal Services that the government's amendments will not deal with this backlog in an effective way. The strategies proposed will add burdens and barriers to the workers rather than alleviate those burdens, and we're asking workers to take on the enforcement of minimum standards.

We know that workers have been struggling for a long, long time—the last 25 years, and probably longer. They have to wait a year or more to have their complaints about unpaid wages investigated, and they wait up to two years to receive the wages they could have been paid in the first place. Sometimes, even after the investigation is

over, we don't know whether they get the amount, for a variety of different reasons.

We believe that this proposal we've put forth is going to help the workers in a way that the government needs to hear.

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We should not require workers to provide information on claims before the claim will be accepted. They write, and I read it for the record: "Bill 68 would require workers to provide certain information about their employer and violations and state their case before the claim is even accepted. We believe that the information requirement will create barriers to workers, particularly those with language and literacy barriers. Rather than make this information a requirement, we believe the Ministry of Labour should provide assistance to workers making ESA claims to ensure that the information that is necessary for effective and efficient claims investigation is provided on the ESA claim form."

Just imagine, Mr. Chair, having to go to the employer again to confront them, as they often do, to be paid for the services that they have provided, for work that they have provided. Imagine the power imbalance between the worker—who probably is a recent immigrant, whose language skills are probably not that great—and going back to the employer and putting the case before you can make your claim. What is the employer going to do with that power imbalance? They're going to deny everything that the worker is suggesting that they get. They're going to threaten them, as they have for the last 20 years—and they will continue to do this.

So we're asking the worker to go and do self-enforcement in a way that puts the worker at risk again. His rights have been violated, and we're asking him to go in front of the employer and confront him with that issue again, requiring the skills that it takes to be able to put forward the case, requiring the confidence to be able to put the case and then hoping that the employer is going to listen, when we know from the past that they do not listen, and we know from the past that they get fired.

This mechanism doesn't help. It hurts the workers. It should be eliminated. Self-enforcement is not helpful.

The other point—it'll be the same argument I'll make for 47, but I'll read it and repeat some of the other arguments later. I'm hoping that the government members will have read this report, will have been persuaded by it and will support this amendment.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Sousa.

Mr. Charles Sousa: Yes. If I understood, I just heard the member indicate that the employees are approaching the employers. I think you made that comment just now. As you mentioned, this amendment mirrors subsection 96.1, I guess your motion 48.

We don't support this amendment because it would be needed in the temporary help agency sector to provide better-quality information, to support the claims investigation process and to assist in eliminating—as you've mentioned—the claims backlog and reducing its

reoccurrence. Business and labour stakeholders agree that it's important to reduce the backlog and resolve employment standards issues as early as possible. The current proposed legislation would allow for the employee entitlements to be recovered more quickly and for employers to be given the opportunity to voluntarily correct the violation sooner.

You've just indicated that certain individuals would feel intimidated or that there are language barriers, and we're trying to accommodate that as well in this bill.

Mr. Rosario Marchese: I believe what the Workers' Action Centre is saying: This will not minimize the backlog.

He says, and we agree, that many of them approach the employer. They do, and we know it's not working. We're asking them to approach the employer again, but it doesn't work. It has never worked before. How does it facilitate it? Why not make your claim? Why not help these workers to make their claim and then deal with it and force the employer, because we know the violations have been happening?

The studies have clearly shown that. A study that was done 20 years ago: "In the late 1990s, a federal government labour standards evaluation surveyed employers and found that 25% of employers were in widespread violation of the Canada Labour Code and 50% were in partial violation. These findings were confirmed a decade later by Statistics Canada and the Workers' Action Centre."

We know these things are happening all of the time. If we know that is the case, how do we facilitate it so that the worker is able to put forth his case? How do you, as a government, help them to make that case and deal with these violations, as opposed to saying, "We know," and sending them back to the employer to state the case and somehow hoping and believing—maybe you believe—that somehow the employer is going to change his mind and start paying the workers and stop being in violation of the labour code? It's just not going to work. You know that.

Your explanation really doesn't solve it, and it's not going to reduce the backlog.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Opposed? The motion is lost.

Number 47: Mr. Marchese.

Mr. Rosario Marchese: I move that subsection 74.13.1(1) of the Employment Standards Act, 2000, as set out in subsection 1(7) of schedule 9 to the bill, be amended by striking out paragraph 3.

It's again the same argument. We want to eliminate self-enforcement. We should not be requiring workers to provide specific information on claims before the claims will be accepted.

"Bill 68 would require workers to provide certain information about their employer and violations and state their case before the claim is ... accepted." Given what we know about what happens, given that we know there are so many violations, we're asking them to confront

and write down that specific information as opposed to helping them fill out the forms and taking the claim forward so that the violations can be dealt with. "We believe that the information requirement will create barriers to workers, particularly those with language and literacy barriers. Rather than make this information a requirement, we believe the Ministry of Labour should provide assistance to workers making ESA claims...." That's the argument that the Workers' Action Centre and Parkdale Community Legal Services made and we support it wholeheartedly.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Sousa.

Mr. Charles Sousa: I understand the Ministry of Labour has been working diligently and collaboratively with the stakeholders, and that the employee rights are being protected and at all times they have that option to continue to work with the Ministry of Labour. Under those exceptions in the areas about which you've issued concerns, they too are being addressed in the process so as to enable those employees to deal more effectively and, again, to expedite things more quickly, to protect the employees.

Mr. Rosario Marchese: I just don't get it, Parliamentary Assistant. I'm not sure I understand it. Your minister has been working with the stakeholders, you say. The Workers' Action Centre and Parkdale Community Legal Services work with the workers who have had their rights violated. Are you working with the Workers' Action Centre? Are you working with Parkdale Community Legal Services and others who have made this case? If you are, you're not listening to them, because what they're saying is exactly the opposite of what you just said. So, first of all, the minister is not working with the stakeholders. Their rights are not being protected—I don't see how, based on the arguments they have made in relation to the two amendments that we are making—and I don't see how their issues have been addressed, based on what I am proposing. I don't see it, but I guess you do.

Mr. Charles Sousa: My understanding is that in fact they have been having consultations in numerous amounts over the period of time in development of these amendments and that the difference to some of the others, where it has been mandatory—the employees have options available to them to protect some of their issues where they have concerns around language, disabilities and intimidation matters. More importantly, the ministry then will act on those matters that have come before them and they will continue to do so with the employees.

Mr. Rosario Marchese: I think it's a huge disappointment, Parliamentary Assistant. What you say versus what people in the field are urging you to do is totally different. They are totally different. You're not listening. You and your government are not listening to what these people are saying.

Mr. Charles Sousa: I don't want to belabour the point, but if you go through—and you will—further

consultations in the development of those applicants and processes, you'll find that accommodations are being made.

Mr. Rosario Marchese: Anyway, I've already made the argument. I'm disappointed in the government in regard to these issues.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Opposed? The motion is lost.

Number 48: Mr. Marchese.

Mr. Rosario Marchese: I move that subsection 1(8) of schedule 9 to the bill be struck out.

It's eliminating self-enforcement once again. The arguments have been made.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Opposed? The motion is lost.

Number 49: Mr. Marchese.

Mr. Rosario Marchese: I move that subsection 1(9) of schedule 9 to the bill be struck out.

I'm going to read what the Workers' Action Centre and Parkdale Community Legal Services have said with respect to this. "Bill 68 provides new powers to enable ESOs to facilitate workers and employers to enter into a settlement (this would usually be at amounts less than worker has claimed)." I emphasize: "If a settlement is not reached, the same ESO would make a decision about the violation and amount of monies owing to the worker. Mediation is usually used to avoid lengthy and resource-intensive court proceedings. Facilitating settlements in the ESA claims process may not provide the time and resource savings that the government is seeking. Further"—and I agree with this strongly—"facilitated settlement institutionalizes the contracting out of minimum employment standards which could lead to a lowering of the floor of standards. We believe the current rules on settlement should be maintained—that is, where employers and workers can elect to enter into settlement without the ESO being involved in negotiating or promoting settlement."

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This facilitated settlement will institutionalize "the contracting out of minimum employment standards which could lead to a lowering of the floor of standards." I profoundly believe this. When you're negotiating what they owe you, what you're negotiating is a lowering of what you are owed. That's what you are institutionalizing. I find it terrible. I don't understand how this helps those workers who have been violated, mistreated and not been paid for the work that they have done. In the end, we're going to facilitate a mediated settlement, which means, generally, that they're going to get less than what they deserve, which is already low, as it is.

The Chair (Mr. Pat Hoy): Thank you. Mr. Sousa.

Mr. Charles Sousa: The current proposed legislation does respond to stakeholder concerns by ensuring that the facilitated settlements are entirely voluntary. Additionally, and as mentioned by you, these facilitated settlements are already common in the labour relations context. They

do occur, and they're voluntary. But if employees feel they can make a settlement and get their money more quickly than waiting two years out—and then there's always the threat that the employers may vacate—it's up to them, but it's voluntary.

Mr. Rosario Marchese: Poor workers working in precarious employment, who have been violated, who are already earning minimum wage and are not getting the money they deserve—we leave them to these voluntary settlements. God bless.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Opposed? The motion is lost.

Number 50: Mr. Marchese.

Mr. Rosario Marchese: I move that subsection 1(11) of schedule 9 to the bill be struck out and the following substituted:

"(11) The act is amended by adding the following section:

"Requiring evidence or submissions from employer

"102.1(1) An employment standards officer may, in any of the following circumstances and after giving notice, require an employer to provide evidence or submissions to the officer within the time that he or she specifies in the notice:

"1. The officer is investigating a complaint against an employer.

"2. The officer, while inspecting a place under section 91 or 92, comes to have reasonable grounds to believe that an employer has contravened this act or the regulations with respect to an employee.

"3. The officer acquires information that suggests to him or her the possibility that an employer may have contravened this act or the regulations with respect to an employee.

"4. The officer wishes to determine whether the employer of an employee who resides in the employer's residence is complying with this act.

"Service of notice

"(2) The notice shall be served on the employer in accordance with section 95.

"Determination if employer fails to respond

"(3) If an employer served with a notice under this section fails to provide evidence or submissions as required by the notice, the officer may determine whether the employer has contravened or is contravening this act on the basis of the following factors:

"1. Any evidence or submissions provided by or on behalf of the employer before the notice was served.

"2. Any evidence or submissions provided by or on behalf of the employee, whether before or after the notice was served.

"3. Any other factors that the officer considers relevant."

I'm going to read once again what the Workers' Action Centre and Parkdale Community Legal Services say about this. We're moving an amendment that would remove "complainants from time limits on submitting evidence and establish clear and transparent time limits

for employers. Rather than providing new powers to employment standards officers to set time limits for ... workers to provide information or require participation in decision-making, we believe the Ministry of Labour should set clear and transparent time limits for employers to respond to complaints of ESA contraventions. Where the employer does not respond, the employment standards officer shall render a decision on the basis of the complaint. This is the approach already taken in human rights cases and in Small Claims Court, and would better serve to reduce the backlog and expedite the claims process in employment standards." It's a good argument.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Sousa.

Mr. Charles Sousa: I think we all agree that it's important for us to expedite these matters more quickly, protect employees' rights, and ensure that they have the ability to make their submissions and their claims in a prudent manner that protects them. In terms of getting information out there more quickly by employers and employees, we all agree to employment standards issues—to have them done as soon as possible. The current proposed legislation would allow for expedited claims resolution and for employee entitlements to be recovered more quickly. That's the purpose of putting it forward this way.

Mr. Rosario Marchese: You're disagreeing to my amendment because?

Mr. Charles Sousa: The motion is not supported because these sections would provide timely and better-quality information to support the claims investigation process. You're impeding the process which we're trying to expedite.

Mr. Rosario Marchese: It doesn't respond to it, but Workers' Action Centre made a good case. I support them 100%. I hope the workers who are affected by it read these submissions, these amendments, so they know that this government is not serving them very well.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Charles Sousa: One more thing: Just to clarify, the nature of the change would remove the requirement for employees to provide evidence for submissions, as requested by the officer, if served with a notice. We need to expedite these matters, and that's the purpose.

The Chair (Mr. Pat Hoy): Thank you. Any further comments? I'll put the question. All in favour? Opposed? The motion is lost.

Shall schedule 9, section 1, carry? Carried.

There are no amendments to schedule 9, sections 2 and 3. Shall they carry? Carried.

Shall schedule 9 carry? Carried.

Schedule 10, section 1, has no amendments. Shall it carry? Carried.

Now we're at 51 in your packet. Mr. Miller.

Mr. Norm Miller: I have a slight modification of the amendment, on advice from legislative counsel, so that it will in fact be in order. It's very minor, so I shall read it out.

I move that section 2 of schedule 10 to the bill be amended by adding the following subsection:

"(7) Section 69 of the act is amended by adding the following section:

"Priority over Endangered Species Act, 2007

"(4) If a forest management plan or the Forest Operations and Silviculture Manual conflicts with a provision of the Endangered Species Act, 2007, the forest management plan or the manual, as the case may be, prevails."

The Chair (Mr. Pat Hoy): Comment?

Mr. Norm Miller: Yes. If I may explain, as was made clear from the presentation of the Ontario Forest Industries Association, at the time that the Endangered Species Act passed in 2007—I happened to be the critic at the time—it was the understanding that the Crown Forest Sustainability Act and the current forest practices would be recognized so there wouldn't be another cumbersome and duplicative process for forest operations in the province of Ontario. I did support, on that understanding, the Endangered Species Act back in 2007. Not only that: It was made clear that the minister at the time—Mr. Ramsay—the Premier and officials in the government had communicated that in writing to the forestry sector. This amendment is about recognizing what the sector thought was the agreement with the government at the time.

Really, if this doesn't happen, what it means is there's a permitting system whereby anybody who's opposed to any forestry operations can create all kinds of unnecessary delays and costs for the forestry sector.

1030

As we know, in the last couple of years the forestry sector has been very hard hit and there have been thousands of jobs lost across northern Ontario. They need help from the government. This bill that we're debating is called Open for Business. It's about trying to improve the business environment in the province of Ontario. It's about trying to create jobs, so this amendment is about trying to support that objective.

The Chair (Mr. Pat Hoy): Thank you. Mr. Sousa?

Mr. Charles Sousa: The forestry industry is certainly a priority industry. Protecting it and continuing to enhance our degree of assistance and support to the industry is paramount. But the government's position is that the forestry industry, like all other industrial sectors, must conduct its business in accordance with the Endangered Species Act. Where a forest management plan is in conflict with the ESA, the onus is to ensure that the plan is either modified to come into compliance with ESA provisions or the ESA flexibility provisions; for example, that permitting agreements, instruments be pursued if appropriate.

The intent of our proposed amendment to the section is to eliminate potential duplication in the planning and consultation requirements of the ESA and the CFSA.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Norm Miller: I'd just like to reiterate that the Crown Forest Sustainability Act does not have a

permitting system, and it's a major change if you're going to require permitting for forestry operations. They go through all kinds of planning. They've had great success in improving the status of threatened species through the Crown Forest Sustainability Act.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the—

Mr. Norm Miller: Recorded vote, please.

The Chair (Mr. Pat Hoy): A recorded vote is requested.

Ayes

Norm Miller, Munro.

Nays

Arthurs, Johnson, Murray, Sousa, Zimmer.

The Chair (Mr. Pat Hoy): The motion is lost.

Shall schedule 10, section 2, carry? Carried.

Now we are at number 52, official opposition. Ms. Munro?

Mrs. Julia Munro: I move that subsection 3.1(2) and sections 3.2 and 3.3 of the Oil, Gas and Salt Resources Act, as set out in subsection 3(1) of schedule 10 to the bill, be struck out.

The Chair (Mr. Pat Hoy): Comment?

Mrs. Julia Munro: Yes, thank you. My comments stem from the discussion that we had here on Monday with the representatives from the Ontario Federation of Agriculture, who made very clear their concerns on what amounts to warrantless entry. Clearly, it's a departure from generations of common law in terms of the need for a warrant, but in their case there are some very significant biosecurity issues that they reflected in their presentation: not only the question of livestock and the care that's taken today maintaining the integrity and the health of individuals' livestock holdings, but also the question of crops. We know so much more about the manner in which we can unwittingly take seeds, bacteria or germs from one place to another. This, then, represents just another assault on that biosecurity.

The other thing I know was in the presentation was simply the safety of the individuals who might be exercising warrantless entry. I want to tell a story here, a personal one, where late one night, my husband and I discovered worm pickers in our barnyard. Well, unbeknownst to those people, there were 22 head of cattle in that field as well as a bull. There are very significant safety issues when you start going on to other people's property. In our particular case, everyone stayed

sleeping and the worm pickers left, but it is a serious issue, and I think that we need to consider the implications of warrantless entry. That's why we put forward this amendment.

The Chair (Mr. Pat Hoy): Thank you. Any comment? Mr. Sousa.

Mr. Charles Sousa: The government side won't be supporting it. The reason is, situations may arise when it's necessary for an inspector to cross adjacent properties to access oil and gas wells in a timely manner. For example, in an emergency, it may be necessary to take the most direct route to the well site, which could involve crossing adjacent property. This provision would only be utilized in exceptional and urgent circumstances.

This provision would allow inspectors to stop and inspect vehicles suspected of illegally transporting oil field fluids, and it's standard legislative drafting practice to have these provisions supporting seizure and forfeiture of evidence.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Miller.

Mr. Norm Miller: I would just add that the Ontario Federation of Agriculture in their presentation pointed out that these gas wells, in many cases, have been around for years, so a day or two of notice to the farmers involved wouldn't affect the situation and would protect the farm and the biosecurity issues that they also outlined.

Mrs. Julia Munro: And the people going across the field.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Opposed? The motion is lost.

Shall schedule 10, section 3, carry? Carried.

There are no amendments to schedule 10, sections 4 through 5. Shall they carry? Carried.

Shall schedule 10 carry? Carried.

Schedule 11, sections 1 through 4 have no amendments. Shall they carry? Carried.

Shall schedule 11 carry? Carried.

Schedule 12, sections 1 through 4 have no amendments. Shall they carry? Carried.

Shall schedule 12 carry? Carried.

Shall sections 1, 2 and 3 carry? Carried.

Shall the title of the bill carry? Carried.

Shall Bill 68, as amended, carry? Carried.

Shall I report the bill, as amended, to the House? Carried.

We are adjourned. Thank you, committee.

The committee adjourned at 1038.

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Mr. David Zimmer (Willowdale L)

Also taking part / Autres participants et participantes

Ms. Cynthia Brandon, counsel, Ministry of the Environment

Ms. Sheryl Cornish, counsel, Ministry of the Attorney General

Ms. Judy Hayes, counsel, Ministry of the Attorney General

Ms. Andrea Strom, counsel, Ministry of the Attorney General

Clerk / Greffier

Mr. William Short

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Mr. Michael Wood, legislative counsel



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Second Session, 39th Parliament

Assemblée législative de l'Ontario

Deuxième session, 39^e législature

Official Report of Debates (Hansard)

Thursday 30 September 2010

Journal des débats (Hansard)

Jeudi 30 septembre 2010

Standing Committee on Finance and Economic Affairs

Organization

Comité permanent des finances et des affaires économiques

Organisation

Chair: Pat Hoy
Clerk: Sylwia Przedziecki

Président : Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 30 September 2010

Jeudi 30 septembre 2010

The committee met at 1400 in room 151.

ELECTION OF ACTING CHAIR

The Clerk of the Committee (Ms. Sylwia Przedziecki):

Good afternoon, honourable members. Owing to the absence of both the Chair and the Vice-Chair, it is my duty to call upon you to elect an Acting Chair. Are there any nominations?

Mr. Charles Sousa: Yes. I'd like to nominate Kevin Flynn to be Acting Chair.

The Clerk of the Committee (Ms. Sylwia Przedziecki): Are there any further nominations?

All right. Mr. Flynn, congratulations.

APPOINTMENT OF SUBCOMMITTEE

The Acting Chair (Mr. Kevin Daniel Flynn): We're going to appoint a subcommittee on committee business, and we need to move a motion to do that.

Mr. Bas Balkissoon: I move that a subcommittee on committee business be appointed to meet from time to time at the call of the Chair, or at the request of any member thereof, to consider and report to the committee on the business of the committee;

That the presence of all members of the subcommittee is necessary to constitute a meeting; and

That the subcommittee be composed of the following members: the Chair as Chair, Mr. Barrett, Ms. Pendergast and Mr. Tabuns; and

That substitution be permitted on the subcommittee.

The Acting Chair (Mr. Kevin Daniel Flynn): Very good. Thank you. Any comments? Any discussions?

Mr. Peter Tabuns: Have we not had a subcommittee standing in any event? Why do we have to have this resolution?

The Acting Chair (Mr. Kevin Daniel Flynn): I think we've got some new members.

Mr. Peter Tabuns: Fine.

The Acting Chair (Mr. Kevin Daniel Flynn): Any other discussions? Any questions? Any comments? Seeing none, all those in favour of the motion?

Interjection.

The Acting Chair (Mr. Kevin Daniel Flynn): I have to read it? Okay.

Mr. Balkissoon has moved that a subcommittee on committee business be appointed to meet from time to time at the call of the Chair, or at the request of any member thereof, to consider and report to the committee on the business of the committee;

That the presence of all members of the subcommittee is necessary to constitute a meeting; and

That the subcommittee be composed of the following members: the Chair as Chair, Mr. Barrett, Ms. Pendergast and Mr. Tabuns; and

That substitution be permitted on the subcommittee.

Any discussions, any questions or comments? Seeing none, all those in favour of the motion? All those opposed? That motion is carried.

That is all the business we have before us today.

The committee adjourned at 1402.

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Jeudi 21 octobre 2010

**Standing Committee on
Finance and Economic Affairs**

**Comité permanent des finances
et des affaires économiques**

**Children's Activity
Tax Credit Act, 2010**

**Loi de 2010 sur le crédit d'impôt
pour les activités des enfants**



**Chair: Pat Hoy
Clerk: Sylwia Przedziecki**

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FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 21 October 2010

Jeudi 21 octobre 2010

The committee met at 0900 in room 151.

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will come to order. We are here for Bill 99, An Act to amend the Taxation Act, 2007 to implement the children's activity tax credit.

APPOINTMENT OF SUBCOMMITTEE

The Chair (Mr. Pat Hoy): We have a little bit of housekeeping business first. The first item would be the appointment to the subcommittee on committee business. Do we have a—

Mr. Kevin Daniel Flynn: Mr. Chair, I move that the following changes be made to the membership of the subcommittee on committee business: Mr. Barrett be replaced by Mr. Miller, Parry Sound–Muskoka.

The Chair (Mr. Pat Hoy): Thank you. All in favour? Carried.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): Now we'll have the report of the subcommittee on committee business. Mr. Arthurs.

Mr. Wayne Arthurs: Your subcommittee on committee business met on Tuesday, October 5, 2010, to consider the method of proceeding on Bill 99, An Act to amend the Taxation Act, 2007 to implement the children's activity tax credit, and recommends the following:

(1) That the committee hold public hearings in Toronto, at Queen's Park, on Thursday, October 21, 2010, from 9 a.m. to 10:20 a.m. and from 2 p.m. to 6 p.m.

(2) That the clerk of the committee, with the authorization of the Chair, post information regarding the committee's business on the Ontario parliamentary channel, on the Legislative Assembly website and with Canada NewsWire.

(3) That the deadline for receipt of requests to appear before the committee be 12 noon on Monday, October 18, 2010.

(4) That, following the deadline for receipt of requests to appear on Bill 99, the clerk of the committee provide the subcommittee members with an electronic list of all requests to appear.

(5) That, if required, each of the subcommittee members supply the clerk of the committee with a prioritized list of the witnesses they would like to hear from by 12 noon on Tuesday, October 19, 2010. These witnesses

must be selected from the original list distributed by the committee clerk.

(6) That groups and individuals be offered 10 minutes for their presentations. Any unused portion of the 10-minute time slot will be used for questioning by committee members.

(7) That the deadline for receipt of written submissions be 5 p.m. on Wednesday, October 20, 2010.

(8) That the research officer provide a summary of witness presentations by the morning of Monday, October 25, 2010.

(9) That amendments to the bill be filed with the clerk of the committee by 12 noon on Tuesday, October 26, 2010.

(10) That the committee meet on Thursday, October 28, 2010, from 9 a.m. to 10:20 a.m. and from 2 p.m. to 6 p.m. for clause-by-clause consideration of the bill.

(11) That the clerk of the committee, in consultation with the Chair, be authorized to commence making any preliminary arrangements necessary to facilitate the committee's proceedings prior to the adoption of this report.

So, Chair, your subcommittee report.

The Chair (Mr. Pat Hoy): Any comment? All in favour? Carried.

CHILDREN'S ACTIVITY
TAX CREDIT ACT, 2010LOI DE 2010 SUR LE CRÉDIT D'IMPÔT
POUR LES ACTIVITÉS DES ENFANTS

Consideration of Bill 99, An Act to amend the Taxation Act, 2007 to implement the children's activity tax credit / Projet de loi 99, Loi modifiant la Loi de 2007 sur les impôts pour mettre en oeuvre le crédit d'impôt pour les activités des enfants.

WHOLEPLAY

The Chair (Mr. Pat Hoy): Now we have our first and only presenter of the day, Wholeplay, if you'd come forward, please. Anywhere at all is fine.

Mr. Andre Picher: If it's okay with you guys, I've got just one little handout that I will refer to as I talk.

The Chair (Mr. Pat Hoy): Yes, the clerk will take that. You have 10 minutes for your presentation. Any time that you don't use could be used for questioning,

and that questioning would come from the official opposition in this case. Before you begin, just state your name and we can start.

Mr. Andre Picher: My name is Andre Picher. Members of the committee, thank you for this opportunity to speak in support of Bill 99, the Children's Activity Tax Credit Act. It's an honour and a privilege to be able to do so.

As I will attempt to explain, I believe the Ontario children's activity tax credit builds upon the important benefits of the federal children's tax credit and deserves to be commended for the support it gives to Ontario's families and businesses and to the province's health and financial well-being now and into the future.

I'm here today as a small business owner engaged in the field of promoting healthy early child development and as an interested citizen. If you'll allow, I'd like to begin with a brief description of my business and then address Bill 99 more directly.

The business that my wife, M.E., who is here with me, and I run is called Wholeplay. We work with parents and kids under the age of six. We're based in the west end of Toronto and operate out of leased space in a Toronto Parks facility. We offer a series of age-specific classes based on a progressive curriculum that addresses the various stages of development from birth through the age of six. We also offer one-on-one consultations for parents who need or prefer to receive individual help.

My wife is the brains behind the company. She has a master's degree in psychology, is presently studying to receive a second degree at OISE in developmental psychology and education, and has been a tireless worker in the field of family health over the past decade.

Wholeplay was really born out of her experiences working with a broad range of parents and kids in this field. These populations have tended to have acute and complex issues based on experiences of trauma, special needs, poverty, high-risk behaviour or other such exceptional circumstances. She has worked with the parents of these young kids to help them overcome challenges they faced in providing the healthiest possible start to their child's life.

Over time, she came to find there was a demand for special skills and services from parents and kids not just with acute needs but those who might be termed more everyday, average-type parents and kids. This population wasn't necessarily trying to deal with a past trauma, but was very much interested in better understanding what they might be able to do to foster healthy development in their young children. These parents were often told that they didn't meet the criteria for the programs that M.E. would be working under, most often publicly funded social services, and would have been turned away.

It was in response to that demand from everyday, average parents that we created Wholeplay. Based on her knowledge and experience, M.E. created a curriculum designed to help parents better understand, identify and respond to the developmental strengths and needs of their

children and thus help foster the healthy development that all parents so desperately seek.

To draw back to the point of my address, I'd like to express how valuable the federal children's tax credit has been to Wholeplay as a business and to the parents and kids we work with.

In your deliberations over this bill, you've rightly noted that the cost of child activities is high and can be prohibitively so to many families. In shaping our business, we were very aware of the many competing activities that are out there for parents to choose from and that family budgets are almost always exceptionally tight, all the more so when one parent is on leave from their job. In the end, parents want to do the best they can for their kids and seek out the best possible value to be able to do so. Our approach to creating that value for our clients has been to deliver a service that's second to none in quality, and to do so for the lowest possible cost. This is not always an easy task. With a highly educated staff, top-quality materials and small class sizes, our operating costs are significant.

For a business like ours, one of the best ways we have found to create value and keep our net costs low for our clients has been to ensure that most of our programs qualify for the federal children's fitness tax credit. We consciously structured our curriculum in content and duration to give parents that ability to qualify their enrolment costs for that credit. I personally consulted with Revenue Canada to ensure that our services met the requirements of credit eligibility.

0910

The response to this aspect of our program has been exceptional. Parents, again always being financially stretched, have been thrilled to know that these costs of our classes and services are mitigated significantly by this credit. We've been told by some that it was a decisive element in their choosing to enrol in our programs. Were it not for that credit, they would not be clients of ours.

Because of this, we've made our program's federal children's fitness tax credit qualification a prime element in our marketing materials and on our website. Other than the value of the content of the programming and the excellence of our facilitators and consultants, this is one of our chief selling features. I've brought you a sample of one of our posters to illustrate my point. You'll find towards the bottom of the page a large orange circle highlighting our eligibility.

In this context, you'll understand that we were very happy to hear about Bill 99. To our minds, there's much wisdom and value in this proposal, and we think it would do tremendous good in many ways for Ontario. We also believe that making it a refundable credit and one that applies to non-physical, health-promoting activities are improvements on the federal model.

The credit would be of great help to the province's families in that it would make the costly activities that kids need and parents want to provide more affordable and accessible. It's great for the province in that the

investments in early childhood health reduce future expenditures on things like health care and social assistance. It's also good for small businesses like us because we need to be able to provide excellent programs for kids while keeping them affordable to parents. The credit helps keep us in business and stimulates the economy. The tax credit goes a long way towards helping all of those positive ends be met.

If you'll allow me, let me say that I was glad to see that the last vote on this was unanimous. As well, in preparation for this morning, I took some time to go over the debates you've had in the House over Bill 99. It was a new experience for me, and I wish I could say that our discussions at Wholeplay were as colourful and spirited as yours here in the Legislature. I did find a great deal of merit in many of the arguments I read and found most of the sentiment expressed all around to be quite understandable. It would be informative to anyone who thinks that the decisions you have to make are easy or that solutions to complex issues can be simply found to take a look at those transcripts.

I won't pretend any greater wisdom than any of you here in knowing exactly how much money the province should direct to this sector or that, or in what exact way. If you'd allow me, though, I'd like to finish my remarks by saying that the money this province invests in its very youngest kids, particularly those in the vital early years from zero to four, is an investment that multiplies over and over through the years and delivers the richest return on our collective well-being as a province and for each and every one of Ontario's families.

Thank you very much for giving me the opportunity to speak to you today.

The Chair (Mr. Pat Hoy): Thank you for the presentation. We have about three minutes. Mr. Barrett.

Mr. Toby Barrett: Thank you for that presentation. Actually we had originally scheduled up until 6 o'clock this evening for deputations and discussion.

Mr. Andre Picher: I feel lonely up here, just being one.

Mr. Toby Barrett: Yes. The Maytag man, eh? I actually find this a little awkward.

I might suggest—I know that Mr. Miller has some questions and some comments, but given that we have so much time I would certainly be willing to share time with the NDP and the Liberals.

The Chair (Mr. Pat Hoy): There is only about two and a half minutes now.

Mr. Toby Barrett: Originally we had till 6 o'clock tonight. That's how this committee works, I guess.

Mr. Norm Miller: If other people want to ask questions, we're happy to share, but I just have a couple of questions.

First of all, seeing as you're the only presenter before the committee, how did you learn that the committee proceedings were occurring?

Mr. Andre Picher: I first learned of the bill through the news. In the operation of our business we communicate in a number of ways with our clients, and one of

those is a newsletter. When I looked at the bill, I saw that—as I expressed, I thought it was a positive building on the federal model, and in our newsletter we expressed that we hoped our clients would support the idea behind the bill, and then I was interested to follow the process along.

Mr. Norm Miller: Specifically, though, as you probably heard from the subcommittee report, we advertised online and—so I'm interested in specifically how you heard of it.

Mr. Andre Picher: Specifically, I got in touch with the—I forget the person's name. I'm sorry; I forget the person's name, but it was someone who schedules, to whom you have to submit your desire to speak to—

Mr. Norm Miller: The clerk?

Mr. Andre Picher: The clerk, was it? I apologize.

Mr. Norm Miller: But did you learn from the online website, the legislative website, about the actual proceedings? Do you remember how you—

Mr. Andre Picher: I'm sorry, I don't.

Mr. Norm Miller: Okay. I'm just trying to determine the most effective way of publicizing these things for future, seeing as you have obviously paid attention—

Mr. Andre Picher: I don't. It's just that, if you can understand, it's something that I obviously feel very strongly about, so when I saw that you guys were debating it, I followed along.

Mr. Norm Miller: You went out of your way to find out.

Can you just briefly talk about—obviously, you're a specialist in activity for really quite young children.

Mr. Andre Picher: That's exactly right. It's more my wife who has the specialty in that field. I work more on the business and administrative side of the business.

Mr. Norm Miller: And I guess, briefly, why it's important for kids up to six years old to be physically active, as compared to older kids.

Mr. Andre Picher: I will do my best to answer that. Again, it would probably be better answered by my wife, who has more of the scientific knowledge behind it. Would she be able to? Is that okay?

Mr. Norm Miller: Sure, yes.

The Chair (Mr. Pat Hoy): Just state your name, and then you can begin.

Ms. Mary Elizabeth Picher: My name is Mary Elizabeth Picher, but I go by M.E. for short.

There's been a lot of research done, particularly in the last decade, about the importance of early childhood development. All the research is pointing to how crucial it is to promote early intervention and prevention as a means of promoting health in children and families. Basically the research says that the earlier you can stimulate this growth, the better it is for child development. That stimulation comes, oftentimes, in the form of parent-child connectedness and developing a strong attachment and a healthy bond. That is the basis for subsequent development.

My curriculum really focuses on parent-child connectedness, and the way that the curriculum focuses on it

is oftentimes through physical play. Physical play is extremely important in the first couple of years of development. It actually lays down the neurological pathways that are necessary to create healthy brain development. Along with that goes playful touch and songs and movement and that type of thing. So my classes tend to be extremely physical, because young children are extremely physical, and the more that you can enhance that physical activity, the better it is for their development.

Mr. Norm Miller: Thank you.

The Chair (Mr. Pat Hoy): Anyone else have a question? Seeing none, or hearing none, thank you for your presentations before the committee.

Mr. Andre Picher: Thanks for having us.

The Chair (Mr. Pat Hoy): That concludes our business for this morning. We are adjourned.

The committee continued in closed session at 0916.

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Legislative Assembly of Ontario

Second Session, 39th Parliament

Assemblée législative de l'Ontario

Deuxième session, 39^e législature

Official Report of Debates (Hansard)

Thursday 28 October 2010

Journal des débats (Hansard)

Jeudi 28 octobre 2010

Standing Committee on Finance and Economic Affairs

Children's Activity
Tax Credit Act, 2010

Comité permanent des finances et des affaires économiques

Loi de 2010 sur le crédit d'impôt
pour les activités des enfants



Chair: Pat Hoy
Clerk: Sylwia Przedziecki

Président : Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 28 October 2010

Jeudi 28 octobre 2010

*The committee met at 0902 in room 151.*CHILDREN'S ACTIVITY
TAX CREDIT ACT, 2010LOI DE 2010 SUR LE CRÉDIT D'IMPÔT
POUR LES ACTIVITÉS DES ENFANTS

Consideration of Bill 99, An Act to amend the Taxation Act, 2007 to implement the children's activity tax credit / Projet de loi 99, Loi modifiant la Loi de 2007 sur les impôts pour mettre en oeuvre le crédit d'impôt pour les activités des enfants.

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. Our first business of the day is clause-by-clause consideration of Bill 99, An Act to amend the Taxation Act, 2007 to implement the children's activity tax credit.

Are there any comments, questions or amendments to any section of the bill?

I hear none, so we will begin.

Shall section 1 carry? Carried.

Shall section 2 carry? Carried.

Shall section 3 carry? Carried.

Shall section 4 carry? Carried.

Shall section 5 carry? Carried.

Shall the title of the bill carry? Carried.

Shall Bill 99 carry? Carried.

Shall I report the bill to the House? Yes.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): We had agreement from two other subcommittee members, Mr. Barrett, to perhaps do the subcommittee report, to read it into the record now on Bill 109, which is the bill that's coming next week.

The only reason for doing that is we have time this morning just to read the subcommittee report. Is that—

Mr. Toby Barrett: Just to save time when we reconvene?

The Chair (Mr. Pat Hoy): Yes.

Mr. Toby Barrett: Sure.

The Chair (Mr. Pat Hoy): Because next week, the possibility exists—there's a hearing, so we could just save time.

If we have agreement on that—agreed?

Mr. Peter Tabuns: No. I apologize. Could you just repeat that?

The Chair (Mr. Pat Hoy): I'm asking if we could read the report of the subcommittee into the record on Bill 109, which is the bill we're doing next week, rather than do it at the beginning of next week's meeting.

Mr. Peter Tabuns: I agree, Mr. Chair.

The Chair (Mr. Pat Hoy): Because we have a few moments here, it seems.

Okay, so if Ms. Pendergast would read that.

Ms. Leeanna Pendergast: Thank you, Chair.

The Chair (Mr. Pat Hoy): Would you read the report of the subcommittee, Thursday, October 21?

Ms. Leeanna Pendergast: Your subcommittee on committee business met on Thursday, October 21, 2010, to consider the method of proceeding on Bill 109, An Act to amend the Taxation Act, 2007 to implement the Ontario energy and property tax credit and to make consequential amendments, and recommends the following:

(1) That the committee hold public hearings in Toronto, at Queen's Park, on Thursday, November 4, 2010, from 9 a.m. to 10:20 a.m. and from 2 p.m. to 6 p.m.

(2) That the clerk of the committee, with the authorization of the Chair, post information regarding the committee's business on the Ontario parliamentary channel, on the Legislative Assembly website, and with Canada NewsWire.

(3) That the deadline for receipt of requests to appear before the committee be 12 noon on Monday, November 1, 2010.

(4) That, following the deadline for receipt of requests to appear on Bill 109, the clerk of the committee provide the subcommittee members with an electronic list of all the potential witnesses who have requested to appear before the committee.

(5) That, if required, each of the subcommittee members supply the clerk of the committee with a prioritized list of the witnesses they would like to hear from by 12 noon on Tuesday, November 2, 2010. These witnesses must be selected from the original list distributed by the committee clerk.

(6) That groups and individuals be offered 10 minutes for their presentations, followed by up to five minutes for questioning by committee members.

(7) That the deadline for receipt of written submissions be 5 p.m. on Wednesday, November 3, 2010.

(8) That, following public hearings on the bill, the committee direct the research officer on its requirements for a summary of witness presentations.

(9) That amendments to the bill be filed with the clerk of the committee by 12 noon on Tuesday, November 16, 2010.

(10) That the committee meet on Thursday, November 18, 2010, from 9 a.m. to 10:20 a.m. and from 2 p.m. to 6 p.m. for clause-by-clause consideration of the bill.

(11) That the clerk of the committee, in consultation with the Chair, be authorized to commence making any preliminary arrangements necessary to facilitate the committee's proceedings prior to the adoption of this report.

The Chair (Mr. Pat Hoy): Any comment? We're in agreement with the report, then? Very good.

We're adjourned.

The committee adjourned at 0907.

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Jeudi 4 novembre 2010

Standing Committee on Finance and Economic Affairs

Comité permanent des finances et des affaires économiques

Enhancement of the Ontario
Energy and Property Tax Credit
for Seniors and Ontario
Families Act, 2010

Loi de 2010 sur l'amélioration
du crédit d'impôt de l'Ontario
pour les coûts d'énergie
et les impôts fonciers
à l'intention des personnes âgées
et des familles de l'Ontario

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FINANCE AND ECONOMIC AFFAIRS

Thursday 4 November 2010

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Jeudi 4 novembre 2010

*The committee met at 0901 in room 151.*ENHANCEMENT OF THE ONTARIO
ENERGY AND PROPERTY TAX CREDIT
FOR SENIORS AND ONTARIO
FAMILIES ACT, 2010LOI DE 2010 SUR L'AMÉLIORATION
DU CRÉDIT D'IMPÔT DE L'ONTARIO
POUR LES COÛTS D'ÉNERGIE
ET LES IMPÔTS FONCIERS
À L'INTENTION DES PERSONNES ÂGÉES
ET DES FAMILLES DE L'ONTARIO

Consideration of Bill 109, An Act to amend the Taxation Act, 2007 to implement the Ontario energy and property tax credit and to make consequential amendments / Projet de loi 109, Loi modifiant la Loi de 2007 sur les impôts pour mettre en œuvre le crédit d'impôt de l'Ontario pour les coûts d'énergie et les impôts fonciers et apporter des modifications corrélatives.

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We're here this morning for public hearings on Bill 109, An Act to amend the Taxation Act, 2007, to implement the Ontario energy and property tax credit and to make consequential amendments.

CARP

The Chair (Mr. Pat Hoy): Our first and only presentation this morning is from CARP. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. If you'd just state your names for our recording Hansard.

Ms. Susan Eng: Thank you. My name is Susan Eng. I'm vice-president, advocacy, for CARP. With me are Michael Nicin, who's our policy development officer, and Nav Chohan, who has just joined us as a policy researcher.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Susan Eng: Thank you. CARP is a national, non-partisan, non-profit organization. We have over 300,000 members across the country, two thirds of whom live here in Ontario. There are 41 chapters across the country—we expect to have 50 by the end of next year—

and there are 25 chapters here in Ontario, throughout the province.

CARP is on the record as welcoming the provisions of Bill 109, which will provide energy and property tax relief to older Ontarians. There is an estimated \$70 million of additional property and energy tax credits. We are told that over 740,000 Ontarians will benefit from the proposed changes. CARP has consistently called on the Ontario government to provide tax relief for home energy costs for Ontarians, who have been hit particularly hard by the combination of the new harmonized sales tax, the time-of-use meters and, of course, rising home energy costs generally.

When the HST was introduced, CARP made it clear in its submissions that regardless of whether the improved business climate postulated by the government would benefit current and future workers, those already retired and on fixed income did not expect to participate in that future prosperity. Further, the transfer of the tax burden from corporations to individuals was not considered by our members to be offset by the one-time-only rebates and generalized tax relief. This has been pointed out by research in other jurisdictions and in Ontario. Older Ontarians, especially those on low and fixed incomes, have faced escalating home energy costs, and those who find it necessary to spend much of their days at home have been the most affected by the prime-time electricity rates.

Energy prices in Ontario increased by 5.6% during the 12 months ending September 2010. Prices for electricity rose 7.7% in that period. Excluding energy, however, the CPI has only increased 1.5% as of September. So despite very low general inflation, energy has risen steeply and uniquely affects fixed and low-income seniors—low-income Ontarians over the age of 65—because their OAS and GIS are not indexed; they're indexed only to CPI, excluding energy costs.

In fact, researchers have found that while the general population would face a modest increase in tax burden due to the HST after the rebates and general tax relief were factored in, low-income Ontario seniors would be worse off by at least \$150 due just to the HST. Ontario is home to about 1.8 million people aged 65-plus, or about 13.5% of the Ontario population. An estimated 90,000 Ontario seniors are considered to live below the low-income cut-offs, or our generally accepted poverty line.

However, we believe that a better measure of financial insecurity is to look at the percentage of seniors who

receive GIS. About 1.5 million Canadians, or about 30% of all seniors, receive GIS. So if you apply this factor to Ontario, there would be over half a million Ontarians over 65 who are facing financial insecurity in retirement. Consequently, CARP sought target relief for home energy costs, particularly for lower-income seniors, but also to include those in modest and middle incomes. Home energy costs are not discretionary expenditures, especially for those who are housebound. The additional \$70 million in energy and property tax credits represented by Bill 109 will go a long way to mitigating these increased home energy costs.

We never come here without a poll, and we brought them before you when the HST was first introduced. In our submissions to government, we've supported our call for relief with the results of member polling. Of the over 3,700 respondents to the first poll, 69% did not think that the one-time-only rebates and generalized tax relief were enough to offset the added burden of the HST, and 86% did not believe that business would pass on their savings. The added burden, our members said, would force the vast majority of them to cut back on their expenses, including home heating. In a subsequent poll, when we were asking for what should be done about it, while half of the now over 5,000 people polled simply wanted the HST to disappear altogether, the remainder preferred relief for home energy costs over other mitigation options. While there was support for targeting low-income seniors, most wanted the tax relief on home energy costs for everyone.

CARP members will be very pleased that the Ontario government has responded to their call for relief. The targeted relief for lower-income seniors and moving to include a higher income bracket as well will be welcome news, and directs the relief where it's most needed but without leaving out modest-income seniors.

Obviously, our continuing advocacy will be to say that while that is very welcome and much needed—and we are respectful of the province's balance of accounts—we believe that there should be a little bit more because of so many seniors who do face financial insecurity in their retirement and, of course, the rising energy costs, which are a huge burden at a very terrible time for most of them. So we would be looking for control over those rising costs, some mitigation, as well as income supports for lower-income seniors.

Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for the presentation. The questioning goes to the official opposition. Mr. Miller.

Mr. Norm Miller: Given that we only have one presenter, I'm certainly happy to share our time with the other parties as well.

First of all, I'm just wondering how you learned about today's proceeding, seeing as you are our only group coming before the proceedings to take note of advertising. If we're advertising, we should be doing or shouldn't be doing it—

Ms. Susan Eng: Well, we've been following this issue quite a bit. We were in conversation with the Minister of Finance's office on another matter. The Minister of Finance was good enough to attend our AGM on Friday, wherein he presented the new pension consultation document. Apropos of that conversation, it was mentioned to us that this event would be coming up.

Mr. Norm Miller: Okay. So it wasn't our advertising, then?

Ms. Susan Eng: No, I'm afraid not. I think it is wise to get that out there. I think that more people need to know about the legislative processes, and we try to keep our members informed about how these things work. We will have an upcoming newsletter that will deal with private members' bills, for example, and give people an idea of how that system works.

Mr. Norm Miller: Typically, it tends to be a pretty quick turnaround time; there's usually only a couple of weeks between when you find out about a hearing and when it's actually happening, so you do really have to be tuned in to know. If you follow the legislative channel all the time, you'd certainly know that they're going on.

With the issue of energy costs, I'd be interested in the sort of feedback you're getting from members. We have seen a lot of increases lately. The Ontario Energy Board—I think it was almost a 10% increase in the energy audit charge, now the charge for smart meters and soon, going to time-of-use metering and the HST. What are you hearing from your individual members about energy costs?

Ms. Susan Eng: We have a lot of complaints. We do get calls from people who are struggling financially, of course, and they will obviously have some real concerns with this. They feel that it's just completely out of control, that it's not something they can do anything about. They obviously have to keep the lights on and the heat on, and they realize that they have no other income coming in.

But it also concerns the people in the middle incomes; it's not like it's just a low-income situation. These are costs that seem to be taking on a life of their own and they can't personally do anything about them. Of course they respect the conservation aims of the government, but they realize—some of them have medical challenges, some of them have no place to go during the day, so there's no reason for them to—they can't avoid the prime-time charges. So we believe that there should be some kind of consideration for those people who are going to be facing those energy charges despite their best efforts.

Mr. Norm Miller: Okay. Did you have a question?

Mr. Toby Barrett: With your survey, you mentioned the 5,000 return. Do you do that electronically? You did two surveys. I was impressed that you were able to get feedback so quickly. Just how do you communicate with your membership?

Ms. Susan Eng: We can do it faster than that. I didn't want to go on because some of the members have heard me say this before. We have an electronic newsletter that

goes out twice a month. It goes to 80,000 email addresses now, opt-in subscribers, of whom some 20,000 or 30,000 always open the email and read it, and we get a response rate of about 3,000 to 5,000 people for any of our surveys, depending on their interest levels. Often, the answers are available overnight. We will have trend lines overnight; we will have over 1,000 overnight. If it's a really hot topic, we could have 2,500 overnight, and by four days, we have all the answers in, because after that, I guess they lose interest. But we will have solid trend lines overnight, and within two or three days, we can give you solid answers.

For issues that matter provincially, we will also do some cross-tabbing. We did so in respect to the HST items as well, so we tried to isolate Ontario and BC.

Mr. Toby Barrett: Thank you.

Mr. Norm Miller: If the other parties wish to ask questions, it's fine by us.

The Chair (Mr. Pat Hoy): In light of the fact that we only have one presenter, I'll allow it.

Mr. Peter Tabuns: Thank you very much for coming in this morning, by the way.

The Ontario energy and property tax credit: Do you expect it will offset the increased costs that the seniors are facing?

Ms. Susan Eng: The answer is no. It won't offset all the costs that they need. Especially at the low-income levels, an extra \$100, approximately, in the credit will go a long way to moving in the right direction.

It's substantive. We will argue it's not enough, but it's certainly a goodly amount, and it targets in the right way. It definitely looks after the people at the low-income levels, and it actually reaches up in almost the clawback levels that you find for OAS, so it's going into the higher levels of income as well.

I think that it will have a good net effect, but by no means do I think it's absolutely enough.

Mr. Peter Tabuns: I don't have any other questions. Thank you.

The Chair (Mr. Pat Hoy): Thank you. The five minutes is concluded. Thank you very much for your presentation.

Ms. Susan Eng: Thank you very much.

The Chair (Mr. Pat Hoy): That concludes our committee business for today. We are adjourned.

The committee adjourned at 0913.

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Wednesday 17 November 2010

Journal des débats (Hansard)

Mercredi 17 novembre 2010

Standing Committee on Finance and Economic Affairs

Securing Pension Benefits Now
and for the Future Act, 2010

Comité permanent des finances et des affaires économiques

Loi de 2010 sur la pérennité
des prestations de retraite

Chair: Pat Hoy
Clerk: Sylwia Przedziecki

Président : Pat Hoy
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STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Wednesday 17 November 2010

Mercredi 17 novembre 2010

*The committee met at 1234 in room 151.*SECURING PENSION BENEFITS NOW
AND FOR THE FUTURE ACT, 2010
LOI DE 2010 SUR LA PÉRENNITÉ
DES PRESTATIONS DE RETRAITE

Consideration of Bill 120, An Act to amend the Pension Benefits Act and the Pension Benefits Amendment Act, 2010 / Projet de loi 120, Loi modifiant la Loi sur les régimes de retraite et la Loi de 2010 modifiant la Loi sur les régimes de retraite.

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will come to order. We are here today for public hearings on Bill 120, An Act to amend the Pension Benefits Act and the Pension Benefits Amendment Act, 2010.

The committee might recall that we read the sub-committee report into the record at our last meeting, so we do not have to do that this afternoon.

STELCO SALARIED PENSIONERS
ORGANIZATION

The Chair (Mr. Pat Hoy): With that, I will call forward our first presentation of the afternoon: Stelco Salaried Pensioners Organization, if you'd come forward please.

Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I'd just ask you to identify yourself for our recording Hansard and you can begin.

Mr. Dennis Wright: My name is Dennis Wright. I worked for 44 years for the Steel Company of Canada, better known as Stelco. I belong to an organization called the Stelco Salaried Pensioners Organization.

SSPO is a group of 5,000 non-union retirees of the Steel Company of Canada, or Stelco, who organized to protect our pensions and benefits when Stelco declared bankruptcy protection under the federal Companies' Creditors Arrangement Act in 2004. We were shocked to find that Stelco's claim of insolvency was largely based on a \$1.3-billion pension fund deficiency.

We quickly learned that Stelco had taken advantage of the Ontario Pension Benefits Act regulation 5.1, or the "too big to fail" regulation. This regulation allows sponsors to suspend pension contributions with no time limit

requirement to resume those payments and no requirement to inform its pension members.

My first point today is that regulation 5.1 should be removed from the Ontario Pension Benefits Act so that no sponsor can be allowed to use it in future. I understand that even though no company has been allowed to use 5.1 since 2002, the regulation still is in the books and should be removed.

SSPO, in an attempt to investigate Stelco's action in 2004, contacted FSCO, the Financial Services Commission of Ontario, and asked for a copy of Stelco's application to use regulation 5.1 and FSCO's letter of approval. When FSCO refused our request for that information, we paid \$1,600 to obtain the information via the freedom of information act but were still denied access to those documents.

Four years later, when the Ontario Expert Commission on Pensions held hearings in Toronto and Hamilton, we attended those all-day meetings and heard similar stories from pension groups that were denied information and assistance by FSCO. So it was no surprise that Dr. Arthurs's final report, *A Fine Balance*, called for a complete overhaul of pension regulator FSCO. The surprise is that Bill 120 has no changes to FSCO at all. In fact, it doesn't mention FSCO at all.

Following the OECF final report, SSPO makes the following recommendations:

(1) The pension commission should be an independent regulator reporting directly to the Minister of Finance, similar to the previous Pension Commission of Ontario.

(2) The PCO should have greater powers to regulate the pension system, make rules and issue policies.

(3) It should have a mandate to protect the security of pension plans and pension funds and ensure that the pension promise is met.

(4) It should be proactive in monitoring pension plans and taking action when required.

(5) It should provide expertise and assistance to pension plan members and their representatives.

(6) It should establish an ombudsman to resolve disputes between plan members and plan sponsors/administrators.

(7) It should have a system of periodic performance reviews, both internal and by an independent external auditor.

(8) It should adopt the recent CAPSA guidelines for operational policies and standards.

CAPSA is the Canadian Association of Pension Supervisory Authorities. That guideline came out this spring.

Thank you for allowing me to present this submission. We have other issues with Bill 120, but we'll let others submit those to you.

The Chair (Mr. Pat Hoy): Thank you. This round of questioning will go to the official opposition. Mr. Barrett.

Mr. Toby Barrett: Thank you, Mr. Wright, for all the work that you and Jack Walsh and so many people have done on this. You're speaking on behalf of something like 5,000 pensioners at the former Stelco caught in the uncertainties back in the days of the bankruptcy protection and the buyout by another very large corporation.

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You mentioned the \$1.3-billion deficiency in the pension fund. We all understand that the success of any pension plan, particularly a defined benefit pension plan, is very simply dependent on having enough money in there to meet the obligations, not only right now, but, obviously, in the future.

You've given us one suggestion for an amendment—to remove that "too big to fail" regulation—which we plan on putting forward. We just discussed that. But I'm wondering, beyond the legislation that we have before us—much of this work is done by regulation, by the bureaucrats, and that applies to the previous bill that came before this committee. I don't think we've seen any of those regulations either. We, as parliamentarians, don't get to work on regulation. Could you give us and the government some advice on what should be done beyond this legislation, more specifically?

Mr. Dennis Wright: One of the things we noticed with Bill 120 was that compared to Bill 236, which was the first part, Bill 236 seemed to be extremely well done, extremely well thought out. We presented here and commented on Bill 236. There were a number of changes that were written into that proposed legislation that were there and could easily be transferred. Bill 120 is very, very difficult to read. First we saw the technical background, which was very brief and not informative. Bill 120 is written in a way that is extremely difficult to understand.

If the real work is going to be done with forming and writing regulation, I suggest that you contact our umbrella organization, which is the Canadian Federation of Pensioners. We have a complete package of information that can give you guidelines on all the changes that we would expect and some advice on how to write them into regulation.

Mr. Toby Barrett: So many of our meetings are with Nortel pensioners, for example. I've had a number of meetings with local people my way who have been with Nortel. I feel they've done a good job at getting their message out and reaching out to people.

I just wonder about some of the tactics or strategies, if you will, that the Stelco people and your umbrella organization, the Canadian Federation of Pensioners—what else are you doing to try to reach out or communi-

cate with government or with other MPPs? We've got a former Stelco employee just down the row here: Paul Miller. What are some of your other approaches?

Mr. Dennis Wright: We've tried to use the direct approach. In other words, we like to directly contact the politicians rather than use the press release/media approach. Other than that, we sit back and form our own ideas, make lists of what we would expect as changes, and then we try to directly contact the political representatives.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CANADIAN FEDERATION OF PENSIONERS

The Chair (Mr. Pat Hoy): Now I call the Canadian Federation of Pensioners to come forward, please. As you heard, you have 10 minutes for your presentation. The next round of questioning will go to the NDP. I just ask you to identify yourselves for the purposes of our recording Hansard. You can begin.

Mr. Tony Pompeo: My name is Tony Pompeo. I'm a member of the Canadian Federation of Pensioners, and also the chair of DIPAC, and a resident of Mr. Flynn's riding.

Mr. Bob Hilton: I'm Bob Hilton, and I am the chair of the Canadian Federation of Pensioners. I'm a former employee of Slater Steels, and I was the president of the Slater Steels Hamilton Specialty Bar salaried pensioners' association.

Mr. Jack Walsh: I'm Jack Walsh. I'm one of the founding members of the Canadian Federation of Pensioners and also a member of the DuPont/INVISTA Pensioners Association. I'm back again.

Mr. Tony Pompeo: Let me continue.

First of all, thank you for the opportunity to present our views and our perspectives.

When I was last in front of you, on April 1, 2010, at that time I presented the areas that I would have liked to be included in what I then referred to as Bill 236, stage 2. It's now called Bill 120.

Bill 120 has made some advances. But as was previously mentioned in discussion between Mr. Barrett and Mr. Wright, Bill 120 has to be read in conjunction with the technical background that was released in August of this year. While it does address certain reforms, it is really written in a very broad framework manner whereby the regulations will be the key cornerstone of the new act. So I would ask that you not only involve yourself in this new bill but in some way, if possible, take an active role in the development of the regulations, because the regulations will be extremely important and the two will be mutually dependent.

Rather than going through my presentation of April 1, I would like to highlight several items for your consideration. The first one is the area of funding.

The technical background described strengthening the funding rules applicable to DB plans. It contained items such as changing the interest rates used to value plan liabilities and limiting the use of smoothing tech-

niques. I think that these and all other reforms announced are all positive and important.

The solvency ratio threshold for annual valuations was advanced from 80% to 85%—also a positive move—and this will catch additional plans in the annual requirement. We do feel, however, that the threshold should have been higher, and while we had originally recommended 105%, we do feel that something north of 85% would be more in order. Pension plan ratios can move dramatically in this economic environment. As an example, our own pension plan, the one that Jack Walsh and myself are members of, has gone from a solvency ratio of about 102% back in June 2007, when the last filing was done, to a now-estimated 65%. As a result, the sponsor is now requesting solvency relief under the rules announced in June 2009. From our perspective, this really speaks to the requirement of annual valuations and certainly moving the threshold higher in this type of scenario.

I also want to mention something in the area of filing timelines. Current regulations allow for a nine-month period from the date the valuation is prepared to the filing with FSCO. While this may come under regulations to be developed, we do feel that this is far too long a period, as it reflects the practices of close to approximately 20 years ago. In that period, the whole world of information technology has made significant advances. From our perspective, a three- or four-month period would be more in order, following an annual valuation.

Finally, I want to make a point on FSCO. The technical background was silent on the subject of reforms for FSCO. This organization requires greater powers to protect pensioners, and Bill 120 does provide additional powers to the superintendent. However, we feel more needs to be done in this area, in line with the recommendations made by Dr. Arthurs.

Thank you for your time.

The Chair (Mr. Pat Hoy): Thank you for the presentation. We'll move to the NDP and Mr. Miller.

Mr. Paul Miller: As you know—I see from the first two presentations—one of your major concerns is the overseeing and administration of the pension plans in Ontario. As you know, the Ontario NDP brought forth—and it was also recommended by Dr. Arthurs—a pension agency, which would oversee pension plans in Ontario, check solvency rates maybe three times a year and keep a handle on it. As you stated, yours is approximately 62% or 63%. A lot of pension plans in Ontario are in that state.

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My concern is that if the economy and things get worse and they go to a windup situation like happened with Nortel, then you are going to get 62 cents on the dollar and probably, of your base, if you have a supplement from, say, age 55 to 65, which in some cases can be up to \$1,000 a month to take you up to your CPP and your old age—a lot of pension plans have that—obviously that's in jeopardy too.

How do you feel, not only about the lack of funding—and the solvency ratio should be a lot higher, but what protection is there for you in a windup situation?

Mr. Tony Pompeo: There's no protection, as it exists right now, in a windup. If the plan were to wind up similar to others, we would find ourselves in a position of 62% or 65%, and it's even worse than that, because when you take in the health benefits, which are probably an additional 10 to 15 percentage points, we would probably be down to less than half. The impact on the pensioners is not only from a pension point of view but it's also the health and other benefits that accrue to us, that we have paid into over the years and that no longer would be applicable. So it would be extremely painful medicine to take.

Mr. Paul Miller: And not only that: As we recommended and as also was recommended by Dr. Arthurs, who was hired by the Liberals to do this study, it was recommended that they raise the PBGF from \$1,000 to \$2,500, which certainly would make a big difference in a lot of pension plans in this province in their present state, if that situation came up. So you would probably be in favour of raising that, and you think it's grossly underfunded, and it hasn't been changed since 1980.

Mr. Bob Hilton: If I may speak to that issue: We definitely are disappointed that Bill 120 did not bring forward a change to the pension fund. The dollars are no longer relevant to what they were when they were originally put in place, so we are truly disappointed.

Mr. Barrett asked a question of Mr. Wright, and I'd like to address it a little bit too—

Mr. Paul Miller: Well—

Mr. Bob Hilton: I know. I recognize what you're saying. We're not just working here with you folks. We've been working very closely with Alex Mazer's office as well, so that they're cognizant of what we're doing and we're cognizant of what they're doing. We are appreciative of the work they are doing. We don't agree 100%, but that's to be expected.

One thing I would like you to know is that we are also being very much involved at the federal level. In particular, three of us who are here today were in Ottawa yesterday, speaking with regard to Bill 501, which is the CCAA and the Bankruptcy and Insolvency Act. The message I'm trying to get across there is that we as a group are very active, working not for ourselves—in my case, I'll get nothing out of any of this; we're working because we want a system that takes care of the future.

Mr. Paul Miller: The Bankruptcy and Insolvency Act in Ottawa that you're addressing is a major part in pension reform, but also one of the initiatives that they put forth was to raise the pecking order for pensioners from the bottom of the list, ahead of banks and financial institutions, which is extremely important. Unfortunately, the governments of the last few years have not seen fit to do that. Hopefully, they have a change of mind, because, the last time I was there, they promised to do it—the Liberals—and then they did a 180 on us and didn't do it. So I have a problem with that, and—

Mr. Bob Hilton: We can only work on it and hope that everybody is working diligently in good faith, but we have to ask that, no matter what regulations come down, when they do come down, they be evaluated to make sure

that they do no harm. If the regulations do harm, it doesn't do any good for the rest of it to be good. But if the regulations are written correctly, as we see it, in a balanced fashion, because we recognize that we're not the only part of the equation, but if they are written in a balanced fashion and the regulations are written that way, there will be no harm done, and everybody will benefit.

Mr. Paul Miller: The problem is, and I see from province to province and federally, the uniformity is not there. What you need is a uniform pension reform act that's going to address all situations in the country. That's what we need, so that's why I'm glad to hear that you were down in Ottawa pushing them, because certainly it goes hand in hand with the Ontario situation.

But I want to make it perfectly clear to you that 74% of the pension plans are in Ontario—

Mr. Bob Hilton: We made that point yesterday, very clearly.

Mr. Paul Miller:—so they have a big responsibility to help you achieve the situation that you want.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Tony Pompeo: I just wanted to address one part. You were talking about the PBGF—about \$1,000—and we, in our last submission, wanted to see it go to \$2,500. The point I want to make is that we are very balanced, rational individuals. We know that this would not be doable in one fell swoop; it would take some time.

In all the approaches that we've done, we've tried to look at it from a balanced point of view and not break it out onto one area or one side that is non-doable. Things have to be done.

Mr. Paul Miller: We, as a party, were going to amortize it as well. We didn't expect it overnight.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Jack Walsh: Mr. Chair, just one final, brief note about our pensioners: Our 150,000 pensioners are very concerned. We appreciate the fact that we're now recognized, that we're able to come here. This is our last kick at the cat on Bill 120, other than the work we're going to do internally to make sure the regulations get properly written.

Our pensioners have told us to pay close attention politically to who does something and who doesn't amongst the three parties, because we're very adamant that we've got to see these changes made. In the year of an election it's absolutely critical that your folks—all of you—get your staff onside and start working on this in a way that's going to resolve it, because we've been playing with this for five years in variations.

The Chair (Mr. Pat Hoy): Thank you.

GENMO SALARIED PENSION ORGANIZATION

The Chair (Mr. Pat Hoy): Now I call on GenMo Salaried Pension Organization to come forward, please. You have 10 minutes to present before the committee. If you would state your name, you can begin.

Mr. Brian Rutherford: My name is Brian Rutherford. I am the president of GenMo. GenMo is an organization of General Motors salaried employees. I'll read a statement, and then we can have some questions.

First of all, I want to thank you all for the opportunity to be here. We talked to the members about what goes on with committees federally and provincially, and it's great to see how democracy works. It's nice to know that the common people do get an opportunity to speak to legislation and to speak to the legislators and ask for corrections.

GenMo SPO is a non-profit corporation founded in January 2009. It currently has a membership of 3,500 retirees and active employees in a pension plan with 12,445 members. It was started because of the realization by General Motors of Canada retirees that if GMCL filed for CCAA on June 1 in 2009, our pension deficit would not be recognized in bankruptcy—a pension deficit that was not only at the mercy of the equity markets but also at the mercy of the government of Ontario's "too big to fail" legislation, which allowed GMCL to underfund our pension. Rest assured that only a handful of salaried employees were aware of this legislation. Members of the plan were never consulted.

The salaried retirees would not have had any representation in bankruptcy; hence the formation of GenMo. Thankfully, because of federal and provincial government intervention, GMCL did not follow its parent into CCAA and funds were put into the hourly and salaried pension plans that, strangely enough, were about the same amount as the "too big to fail" legislation allowed GMCL to underfund the pension plans.

The downside of the intervention is that if GMCL files for CCAA in the future, the retirees are no longer entitled to the pension benefits guarantee fund, PBGF. One wrong corrected; another created. Once again, the retirees were never consulted.

Pension plans should be about transparency. As per my experience, salaried and, probably, to some extent, union pension plans are about trust and blind faith. The plan is about trusting the sponsor to do the right thing in funding the plan and for the regulator to do the right thing and govern the plan. Remember: Salaried or union, a pension plan is part of the employment contract agreement. It is not a gift.

Under current legislation, the frequency of pension overview by the Financial Services Commission of Ontario, FSCO, is every three years. Plans that have severe solvency deficiencies are looked at annually until corrected. A report on the actuarial valuation done on January 1 is usually to the regulator by August or September of that year. So the real time for pension fund reporting is about 3.66 years.

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With today's technology, I see no reason why a report on the actuarial valuation cannot be done on a yearly basis. If FSCO does not have the resources, then perhaps they should invest in people and/or technology to support reforms. If you know 95% of the answer, make a decision.

I do not want to be skeptical about a sponsor's responsibility, but I have enjoyed the "too big to fail" experience. All pension plans should be looked at annually. Plans need to be solvent on a continuous basis.

I earlier made reference to the pension benefits guarantee fund that my members are no longer eligible for. Even so, it should be increased to a monthly minimum of \$2,500, as recommended in Dr. Arthurs' report. If you compare Ontario and Canada to the rest of the developed world in pension protection in bankruptcy, we are about last.

I do not expect the PBGF to be funded by the taxpayer but by the sponsor, much like workmen's compensation. Good behaviour produces lower insurance rates. At the very least, work with the federal government to amend the BIA so pensions are recognized as preferred creditors.

Regulation 5.1 should be removed from the PBA. It is a tool that should no longer be available. All three companies that were too big to fail, failed.

I realize that life is a compromise and that sponsors have their financial challenges meeting all of their business cost obligations. I also realize that a pension is a deferred income that is part of an employee's compensation package. Pensioners are elderly and vulnerable. They need your protection.

Please provide legislation that is balanced, transparent, reflects the technology of our times and protects Ontario's most vulnerable: our pensioners. Thank you.

The Chair (Mr. Pat Hoy): Thank you. This round of questioning will go to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Mr. Rutherford, for being with us here today—

Mr. Brian Rutherford: Thanks for having me.

Ms. Leeanna Pendergast: —and for sharing your thoughts. We really appreciate it. We appreciate the time that you take to be here with us today.

I only have two questions and then, I think, my colleague Mr. Sousa is going to ask the second one, just to give you an overview of how this is going to look.

Would you say that GenMo, in general, would agree that it's in everyone's best interest that General Motors succeed as a financially viable company?

Mr. Brian Rutherford: No question.

Ms. Leeanna Pendergast: Okay. Thank you.

Mr. Brian Rutherford: If General Motors failed as a financially viable company, it wouldn't just hurt me as an employee or a retiree; it would be devastating to the Canadian economy.

Ms. Leeanna Pendergast: That said, how would you describe the state of your pension plan? How has it changed before and after the government stepped in for the GM bailout and restructuring?

Mr. Brian Rutherford: The wind up before the government stepped in was 0.599. My estimation of the solvency ratio now would be around 0.8. So, the government, by stepping in and helping, did a great job, and it's really appreciated by all the members of GenMo.

Ms. Leeanna Pendergast: Excellent. Thank you.

Mr. Sousa.

Mr. Charles Sousa: Thank you for attending. I just wanted to talk about the time when GM, I guess, during the time of the NDP—when the "too big to fail" clause was brought in and the effect it had on GM, and the effect, more importantly now, that it has on your retirees. Can you elaborate, particularly as it affects the—

Interjection.

Mr. Charles Sousa: No, no; I'm talking now about the valuations and the premiums that now need to come forward.

Mr. Brian Rutherford: When the legislation was first—I'm sure you all know the history of the 5.1 legislation, with Bob White and George Peapples in the NDP back then. The CAW sued General Motors because General Motors was not funding their pension. The CAW won. The courts ordered General Motors to pay the unfunded liabilities. George Peapples went to the government of the day and said, "You forced me to pay this. I will not invest any more money in Ontario." So Bob blinked, and hence we got 5.1 legislation.

The main point I want to make here is transparency. None of the General Motors salaried employees knew a damn thing about 5.1 legislation. We did not know that the Ontario government was allowing General Motors to underfund our pensions because it was too big to fail. It was about 26% underfunded, and then we had the perfect storm when the equity markets crashed. At that time, General Motors had 69% of our pensions invested in equity stock, which was totally irresponsible.

I want to see some transparency. That's why I see no reason why we cannot have FSCO and perhaps plan members look at pensions on an annual basis so that we can understand the health of the pension plan and, if necessary, be able to put up our hands and say, "You're the regulator. Regulate. Please fix this."

Mr. Charles Sousa: Point well taken, and I know that some of the things that we're trying to move forward are sustainable funding for those benefit plans, even an introduction to some multi-employer pension activities—some of the things that you've called for. Yes, we have a lot more we can do, but we're moving forward on some of those recommendations. The regulatory oversight, as you mentioned, is important, so I appreciate your comments. Thank you.

The Chair (Mr. Pat Hoy): And thank you.

Mr. Brian Rutherford: All right. Thank you for seeing me.

MR. AL LOMAS

The Chair (Mr. Pat Hoy): Now I call on Al Lomas to come forward, please.

Mr. Al Lomas: I appreciate the opportunity.

The Chair (Mr. Pat Hoy): As you've heard, you have 10 minutes for your presentation. There could be up to five minutes of questioning. If you'd just state your name before you begin.

Mr. Al Lomas: Okay. I'm Al Lomas.

The Chair (Mr. Pat Hoy): You can be seated.

Mr. Al Lomas: Thank you. I'm a retired former employee of Rio Algom Ltd. For almost 25 years, I had the responsibility for what was known as the personnel and industrial relations function of the corporation.

In 1965, I was assigned the task of developing a corporate-wide pension plan for salaried employees which was to replace several existing pension plans.

While designing the provisions of the plan, I met with small groups of employees who would become eligible for membership. A surprising degree of mistrust about pensions was found. Many employees had previously worked for other firms, and they were unhappy with the pension consequences that they had when they changed employers.

To overcome these employee concerns, the pension fund was set up as a trust for the sole benefit of the members. Rio Algom committed itself to making no amendments to the plan that would be detrimental to the interests of the members. Membership in the new plan was on a voluntary basis and offered to 1,000 eligible employees. For new hires, membership was a condition of employment.

In 2000, Billiton PLC, now the famous BHP Billiton, took over Rio Algom. Several of the then active employees at Rio Algom contacted me soon after the formal closing of the purchase. They were concerned about the urgent and inordinate interest the new owners were showing in the plan. I was told that ways were being examined as to how the money in the pension fund could be used by the new owners.

In order to understand what was going on, I and some fellow retired members of the plan began to review the pension documents of Rio Algom in the FSCO files. Over the course of a number of visits, we discovered that the terms of the plan had been much changed over a 10-year period. The basis of the fund had been altered from a depository for deferred compensation; that is, the contributions of the employees and of the company. To be an asset of the company was the purpose that this company was now seeking.

As a group of retirees, we were unable to engage the services of experts. However, at the suggestion of a practising actuary, we contacted a senior pension officer at FSCO in the hope that advice could be obtained as to what could or should be done. The officer asked for a chance to review the file. A week later, he phoned to say that everything was in order and advised that there would be no purpose in our meeting.

In September 2002, one of my colleagues wrote to the deputy superintendent of pensions to briefly outline some of the issues we were concerned about and to request advice as to what should be done. We never received a response to the letter.

The reason I'm telling you this story today is that the Pension Benefits Act, which Bill 120 is supposed to amend so as to improve the act, does not currently provide pension members with an opportunity to deal with the Financial Services Commission. Rather, it

appears that the only recourse pensioners have is to litigate matters in the courts.

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This is the approach the Rio Algom pensioners have taken. To date, the merits of our case have not been heard, even though it has been eight years since our application was commenced.

After the application was commenced, Rio Algom challenged the inclusion in the application of the request for a court order to wind up the plan. The Superior Court dismissed Rio Algom's original motion, and it was appealed to the Divisional Court and also dismissed. However, a second appeal to the Ontario Court of Appeal was heard on November 16, 2009, and in March of this year, the court allowed the appeal.

All these court hearings had nothing to do with the merits of our case. They were solely related to the remedy included in the application.

In its written reasons allowing the appeal, the Court of Appeal stated, "If plan members believe that the employer has acted improperly in the administration of the plan, they may turn to the superintendent." Unfortunately, this statement does not accord with the reality. When we tried to turn to the superintendent, we were rebuffed.

My purpose in appearing before you today is to request consideration of an amendment to Bill 120 so as to add to the Pension Benefits Act a formal mechanism that would grant plan members standing with the superintendent so that they can initiate a proceeding when they believe a plan is being improperly administered. This mechanism would require a formal response from the superintendent which plan members could appeal to the tribunal, thus guaranteeing that their concerns would get a proper hearing before the Financial Services Commission of Ontario.

The benefit of such a mechanism is that it would ensure that plan members enjoy the same rights and benefits that employers currently have under the Pension Benefits Act. This mechanism is necessary in order to ensure that pensions are administered for the benefit of those they were designed to protect. Otherwise, members are left to the mercy of the superintendent, who, as the pensioners of Rio Algom have learned, may not be willing to listen to their concerns.

I have a few other notes, and they deal with the subject of the clauses in Bill 120 concerning arbitration. This is not something I'm really directly involved in. I read the notice a week ago about this hearing and I've been preparing myself for that, but in the course of that I've read about the arbitration clause that's in this new bill. I'm not a student of the law, but what I read was that if one party involved in a pension requests arbitration, an arbitrator can be appointed. All other parties are then deemed to be part of that arbitration. He can then totally ignore the provisions of the plan, the trusts, whatever, and give a decision, and there is no appeal from the decision. As I said, I'm not a student of the law. I have some dark thoughts that go way back to, I think, the

Magna Carta. I wouldn't call this clause, frankly, an arbitration clause. It's an arbitrary settlement clause, and they can do whatever they bloody well like, which is atrocious, and I would suggest that, as members of our Parliament, all of you seriously think about whether you want your name associated with that. I don't know what their intent was, but when you read it the way I've read it, it's ghastly. I do hope it doesn't appear in the law.

The Chair (Mr. Pat Hoy): Thank you for your presentation. The questioning will go to the official opposition. Mr. Miller.

Mr. Norm Miller: I'll start, and I'm sure my colleagues will have questions.

From what you're saying, I gather that when you went to try to find out information about your specific pension from FSCO, it wasn't easy to get information from them, first of all, on the status of—

Mr. Al Lomas: No, I got the information. I got the files. But then when we got our case pulled together, we wanted to talk to them: "What do we do?" They wouldn't talk to us, in effect, and we also knew that there is nothing in the law that says they need to. I know that in the offices, there's a great churning of individuals who come through and have complaints about their individual pensions. That's not what we were talking about. We were talking about the terms of a plan that was being very disrupted.

Mr. Norm Miller: How did you discover that the terms of your plan had been changed? Did they notify you at all as plan members or—

Mr. Al Lomas: Never. No, we had to go and research. I don't know how many days we spent at the offices—a crowded little space, frankly—reading these old documents, stacks and stacks of them. Because of my own background of having written the plan originally, I was in a better-than-average position to try and understand what had happened.

Mr. Norm Miller: So you must have been pretty shocked when you saw these changes, when you discovered them.

Mr. Al Lomas: Yes.

Mr. Norm Miller: Your asking for this formal mechanism to grant plan members standing with FSCO: How would you envision that working? Obviously, there are thousands of plan members. Would it be a representative of the plan members? I'm just wondering how the logistics of it would work.

Mr. Al Lomas: You put your finger on a very serious issue. But there are thousands of employers, and certainly every employer gets in there and has the right to talk to the financial services commission about whatever he wants.

I think it would have to be something where there's an indication that the individual is representing a group of pensioners.

Mr. Norm Miller: Right. Okay, thanks. I think Mr. O'Toole has a question.

Mr. John O'Toole: I think Mr. Miller raises a very good point. I think the previous presenter, from GenMo,

the General Motors salaried employee group, pretty much represents the same perspective as yours: duty to inform, duty to consult, those kinds of things that affect, going forward, a lot of people at different phases in these plans.

With any official change to a plan, there should be a duty to notify the plan members. Wouldn't you think that would be a formal—that could be done by a letter, because there are different people who have already matured in their plans and some who are contributing to a plan. The first is to be notified. Then, if it's a wrap-up deal, what is your status?

Mr. Al Lomas: Our biggest question is if the administrator hasn't been following the terms of the plan. That's the first, fundamental problem for us. We were never advised at any time of either the changes in the law or the changes in the plan, and we all blithely went along thinking everything was unchanged.

Mr. John O'Toole: But you do want status at some point, and that's really what Mr. Miller and I are looking for—

Mr. Al Lomas: I suppose it's like the courts. I'm ending up—in my particular case, it had to be on a contingency, obviously. I'm the representative rather than a class action. But it's that type of thing. If the employees can do it through the courts, presumably they could do it in a comparable way.

Mr. John O'Toole: Right; through FSCO. I agree. It's simpler and less expensive, probably. They still may have to have some qualified pension expert whom they assign as their representative, as opposed to some frustrated plan member.

Mr. Al Lomas: That's correct.

Mr. John O'Toole: I think that's some advice to the government side, primarily: to recommend that they're entitled to engage an individual of their choice to have standing with FSCO to resolve disputes.

Mr. Al Lomas: Correct, and that that be acknowledged by FSCO.

Mr. John O'Toole: Of course, legislatively, in law. Exactly. I completely concur.

The Chair (Mr. Pat Hoy): Any other questions? Thank you for your presentation today.

Mr. Al Lomas: Thank you very much for the opportunity.

ASSOCIATION OF CANADIAN PENSION MANAGEMENT

The Chair (Mr. Pat Hoy): Now I call on the Association of Canadian Pension Management to come forward, please. Good afternoon, everyone. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. If you'd just identify yourselves for our recording Hansard, then you can begin.

Mr. Bryan Hocking: Bryan Hocking, CEO of ACPM.

Mr. Mitch Frazer: Mitch Frazer.

Ms. Kathryn Bush: Kathryn Bush.

Mr. Paul Litner: Paul Litner.

The Chair (Mr. Pat Hoy): Go ahead.

Mr. Bryan Hocking: Mr. Chair, members of the standing committee, thank you for affording us the opportunity to meet with you today.

I'm the CEO of ACPM, as I noted, ACPM being the Association of Canadian Pension Management. I'm joined today by these three individuals, who are volunteer experts on our committee. I don't have to introduce them; they just introduced themselves.

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ACPM represents Canadian pension plan sponsors, plan administrators and their allied service providers. Established 35 years ago, our *raison d'être* is to advocate for an effective and sustainable Canadian retirement income system. Through our membership, we represent over 400 pension plans consisting of more than three million pension plan members, with total assets under management in excess of \$330 billion.

During the past several years, ACPM has been a very active participant in the ongoing pension debate. During that time, we have made numerous submissions to and met with many government officials at both the federal and provincial levels, including, of course, the government of Ontario.

Today we're pleased to once again provide our input to this government regarding the proposed reforms to the PBA. In our formal brief to the ministry, a copy of which we've given you today, and in the comments you'll hear from our presenters today, we address some of the concerns and offer some comment on certain sections of the proposed reforms contained in Bill 120.

Now I'll let my expert colleagues walk you through those points. Mitch?

Mr. Mitch Frazer: Thanks, Bryan. Thank you, Mr. Chair and committee members, for your time. I'm going to talk about two particular points, plan expenses and contribution holidays, and suggest some possible technical amendments.

First of all, Bill 120 adds a new section, 22.1, as you're aware, dealing with plan expenses. This new section expressly permits reasonable fees and expenses for the administration of the plan and the administration and investment of the pension fund to be paid out of the pension fund.

However, the phrase "the documents that create and support the pension plan" is used in clauses 22.1(2)(a) and 22.1(5)(a) in a way that could be interpreted as referring to historical, and not just current, plan documents. If so, we believe that this is not an improvement to plan administration in accordance with the government's stated objectives. On the contrary, as drafted, these provisions are more likely going to make the plan administration even more onerous and lead to increased litigation.

We think that the most straightforward fix would be to amend Bill 120 to clarify that all reasonable administrative expenses can be paid from the plan fund without

regard to historical documents as long as the current or amended plan terms permit such payments.

We also believe that it would be desirable to expressly override trust principles by adding the following provision: "The current plan documents prevail over any historical plan documentation and they prevail despite any trust that may exist or may have existed in the past." We believe that this represents what the current state of the law is and that this will clarify things and make things much more efficient for the administration of pension plans and pension funds.

On to contribution holidays now. Similarly, I have another technical point that I'd like to bring up. In its August 24 announcement, when the government proposed the reforms to the PBA, we understood that the intention was to amend the PBA to state that contribution holidays are expressly permitted unless prohibited by plan documents, and that the ability to take contribution holidays where the transfer ratio is at 105% or above is referring to the current plan text and not requiring a review of historical plan documents. I think you're seeing a theme here.

The new section 55.1 of the PBA in Bill 120 could be interpreted as making the ability to reduce or suspend contributions dependent on the current or historical plan documents, since subsection 55.1(3) provides that contribution holidays are not permitted if "the documents that create and support the pension plan or the pension fund prohibit the reduction or suspension."

Incorporating a provision to the PBA which requires a full analysis of the historical plan documents to support contribution holidays will likely result in onerous new regulatory requirements and additional costs for plan sponsors. We do not believe that this is the intention behind the reforms and would encourage the government to clarify this limitation and ensure that it's restricted to current plan documents only.

Over to you, Kathy.

Ms. Kathryn Bush: Thank you. I'm going to discuss surplus withdrawal provisions of Bill 120 and also the plan merger provisions.

The surplus withdrawal provisions of Bill 120 are generally very helpful and assist in achieving the government's goal of providing more certainty while continuing to allow an employer to remove surplus where there's entitlement or a surplus-sharing agreement. However, we do have a few technical concerns.

The first problem—and it's a problem that exists under the current legislation, but I think there's an opportunity to clean it up in Bill 120—is that where there is a partial plan windup: the legislation is not clear as to who must engage in the agreement with respect to the partial plan windup. Is it all members of the plan or just the affected members of the partial windup? It has always been interpreted by FSCO as being only the members affected by the partial windup, but Bill 120 ought to be clarified to make that clear. This is a chance to clean up the legislation.

There's also a concern in section 77.11 that there is circularity. We've noted exactly what we think should be

changed to avoid that circularity risk, and we think that's a good cleanup as a technical change.

In addition, we have made a number of suggestions about how the new arbitration procedure ought to function. Some of the suggestions may be for the regulations, but some may be best put in the legislation. For example, we recommend that 77.12(7) be amended to include the criteria to guide the superintendent in the exercise of the discretion to appoint an administrator and to add greater clarity to the extent of the arbitrator's authority. While we understand that the regs will flesh out the arbitration rules, we think there are provisions that ought to be in the legislation and therefore ought to see an amendment to Bill 120.

With respect to the issue of plan splits and plan mergers, we are concerned that the language as drafted will negatively affect plan sponsors' access to surplus after a merger and therefore make it less likely that plan business transfers will occur, which is something the government had said that they were trying to promote with the new provisions that first came out in Bill 236. What the new provisions appear to do in Bill 120 is override the common law rule of tracing and in fact taint the surplus after any asset transfer, and we think that that is not consistent with the expert commission report A Fine Balance, which I had the pleasure of being an expert adviser to. I also have the pleasure of saying that while we thought it was a fine balance, many single employers do not think we got the balance right. They think it was not properly balanced in favour of single employers. Therefore, further taking away single-employer rights will be seen negatively. So we have noted the drafting suggestions that we would suggest to clarify this provision.

Mr. Paul Litner: I would like to address my remarks to two specific issues under Bill 120 in the area of pension plan funding, one more technical and the other having, perhaps, policy implications.

Let me deal with the technical first. Under Bill 120, for single-employer pension plan sponsors, the general trade-off or fine balance that Kathy alluded to was that there would be tougher funding standards imposed on employers who sponsor defined benefit plans, but in return, they were given some flexibility on solvency funding by allowing them to use letters of credit to offset a portion of that solvency deficit, up to 15%. The technical issue is that the way that the wording is drafted has the plan administrator holding the letter of credit rather than the trustee or fund holder. Other jurisdictions would have the trustee or fund holder holding the letter of credit.

This may give rise to some unintended consequences. For example, it may allow creditors to claim—I should back up. Frequently, administrators are the employer, so it may allow creditors of the employer to attack that letter of credit as not being an asset of the plan and instead being an asset of the creditors. So we would urge you to think about the implications of that wording.

The second has to do with the solvency funding exemptions. Solvency funding exemptions under Bill 120

are not complete, so it's hard for us to read too much into what's there. Much of it is to be determined by regulation. But as it currently stands, the intention appears clear, from the background or from the draft legislation, that solvency funding relief would be extended only to jointly sponsored pension plans and "target benefit" multi-employer plans. There are a couple of issues here. The first is, in the drafting of which jointly sponsored pension plans are eligible, it's only those plans eligible on the date the legislation was announced, which was August 24, 2010. We believe that other plans that are jointly sponsored pension plans, which would qualify after that date, should likewise be entitled to the benefits of the solvency exemption or solvency relief and we would like to see that built into the legislation, or else some assurance that they would not be precluded from obtaining the same solvency relief.

Secondly, the definition of target benefit plans in the legislation is restricted to plans having a collective agreement or being collectively bargained. There are other categories of plans—for example, church plans—which may be multi-employer plans which would very much like to avail themselves of the same solvency relief and which have member representation, albeit not through collective agreements. Again, we would ask that you consider expanding that wording to include collective agreements and other agreements or other plan documents having like effect.

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Lastly, a broader issue: In my 20-years plus of practising pension law, I've learned one thing, and that is, there are always exceptions to the rule. So I would urge you to try and create a mechanism to allow other plans that share similar features or attributes to jointly sponsored pension plans or target benefit MEPPs but might not fall within those definitions. There will be very good policy reasons for allowing them to qualify for solvency relief, even though they might not technically fit within the definition of a target benefit MEPP or a JSPP.

The Chair (Mr. Pat Hoy): Does that conclude your remarks? Then we'll go to Mr. Miller of the NDP.

Mr. Paul Miller: Welcome. I don't believe I met with your group. I'm the pension critic for the NDP. I don't recall meeting with you.

You would be the administrators of a lot of plans in this province, obviously. You represent that group of administrators. One of the biggest concerns for my party was the fact that when the solvency rate is low and the administration costs go up, it's detrimental to the plan as a whole because the administrators don't adjust their costs to go with the situation of the solvency of the plan. In other words, you keep charging what you charge to administer the plan even if it's at 50% or less. Then you have a chance possibly of going into windup.

I know that the administration costs are huge for pension plans in this province. That's a problem I have, that your organization does not adjust its cost of the

administration of the plan as it goes down. You still charge the same—is that not correct—for your services?

Mr. Mitch Frazer: We represent the plan sponsors. The administrator is more of a legal term, so we represent the people—basically the plans and the employers who—

Mr. Paul Miller: Pay into it.

Mr. Mitch Frazer: Yeah, who pay into it.

Mr. Paul Miller: The companies.

Mr. Mitch Frazer: So, not in terms of administration. We're not representing typically the outside providers that get contracted to provide services. We do understand your point, though.

Mr. Paul Miller: So you would be representing the employers?

Mr. Mitch Frazer: Yes.

Mr. Paul Miller: Okay. The Ontario Expert Commission on Pensions called for disclosure requirements, that they be detailed and that the obligations include reporting of the extent, duration and impacts of contribution holidays and should be fully and clearly reported to plan members on their member statements annually. What's your opinion on that? Do you do that?

Ms. Kathryn Bush: I was on the expert commission. As an expert adviser, I fully agree with that. That isn't a requirement in law right now, but again: a fine balance. That is a trade-off. That's asking for more disclosure from plan sponsors where there's going to be a lot of criticism: "Why are you taking contribution holidays?" and the like. The balance is something on the other side, which was supposed to be clearer rules for contribution holidays generally.

Mr. Paul Miller: What's your opinion of the creation of an Ontario pension agency that our party recommended and Dr. Arthurs recommended also to oversee and govern plans throughout the province? How do you feel about that?

Ms. Kathryn Bush: It would seem to be a very useful tool for orphaned benefits of one sort or another, as people transfer monies around. It is an obligation that the government would be taking on. I can understand the resistance to a government taking that on, but I do see it as something quite useful for both plan sponsors and members.

Mr. Paul Miller: I guess I differ with that, because we recommended an Ontario pension plan from our party which would have been administered by the government. I don't know why the government would run away from that responsibility. It doesn't make sense to me.

Let's talk a little bit about contribution holidays. That's one of the problems we've got. A former member mentioned that it happened, the "too big to fail" clause under Bob Rae—I agree that that was a mistake, but subsequent governments haven't changed it. It's still the same. So if they're overly concerned about that, why didn't they change it? Referring to 105%, they'd like it funded now—correct me if I'm wrong, but I did hear you say something about 80%, or something about 15%—the former speaker mentioned 15% for benefits. Where do

you feel the solvency rate should be? Do you believe it's 105% before any contribution holidays?

Mr. Mitch Frazer: Well, as Kathy said, it's a fine balance. We'd be willing to accept that in exchange for clearer rules. That's the trade-off and that's what the Arthurs commission came out with. We support that position as long as the trade-off comes in with that and we get clearer rules in terms of when you can take contribution holidays.

Mr. Paul Miller: Okay.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

ONTARIO MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

The Chair (Mr. Pat Hoy): Now I call on the Ontario Municipal Employees Retirement System. Good afternoon, gentlemen. You have 10 minutes for your presentation. As you've heard, there could be five minutes of questioning following that. The way my voice is going, I won't be speaking much more than the next presenter after that. You can begin.

Mr. John Poos: Good afternoon, and thank you for giving us the opportunity to speak. We are here from OMERS, the Ontario Municipal Employees Retirement System. OMERS is governed by two corporations: a sponsors corporation and an administration corporation.

I am John Poos. I am executive director of OMERS Sponsors Corp.. My colleague is Andrew Fung, who's senior vice-president, pension services, and chief actuary at OMERS Administration Corp. So we're both represented.

I would like to take a moment to talk about OMERS and make a few general comments, and then I'll pass it over to my colleague to take you through a few specific comments we have on the bill.

OMERS is a multi-employer pension plan whose members consist primarily of employees of Ontario municipalities, local boards, public utilities and non-teaching school board staff. We have over 900 employers and 400,000 members; that includes both active and retired members. It is a jointly sponsored defined benefit pension plan financed by equal contributions from participating employers and employees as well as by investment earnings on the plan assets.

OMERS has a long tradition of strong employer-member governance. It is a well-known, large pension fund investor pursuing a global investment mandate and one of the top-performing pension funds in the country.

As provided by the OMERS Act, 2006, administration of the plan and investment of the fund is the responsibility of the OMERS Administration Corp., while plan design and setting contribution rates is the responsibility of OMERS Sponsors Corp.

Regarding Bill 120: OMERS would like to acknowledge the government's ongoing efforts on pension reform. These are not easy issues, and we appreciate both the effort and the progress.

OMERS supported the government's reform announcement in August and when Bill 120 was announced. We are continuing to make progress towards a more robust funding mechanism and by specifically providing, for us, a solvency exemption for jointly sponsored pension plans.

We believe that many of the details of the bill still need to be developed in regulations, and we hope the government will continue in its consultative process when those regulations are announced. They are likely to be very complex and require input from many perspectives, particularly those from stakeholders, to achieve their goals.

We have a few areas where we would like to offer some clarification in the bill, and I'll pass it to my colleague Andrew Fung to take you through those.

Mr. Andrew Fung: There are two specific areas that we want to comment on or seek clarification of. One is with respect to asset transfer and the other is what we call AVCs, additional voluntary contributions.

On asset transfer: We're talking about group asset transfers. We believe that group asset transfers from one pension plan to another are very important to the members of OMERS. We also think that it makes sense from a public policy perspective. It means that smaller, less-efficient pension plans can be merged into larger, more efficient pension plans in the spirit of providing better funding and better managing the pension plans to many Ontarians.

The existing provisions regarding the group asset transfers of one group of employees affected by restructuring or divestments were extremely difficult to implement. As a result of these rules, there are many groups of employees who switch from one plan to another without the corresponding transfer of the assets as well as the liabilities.

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What ended up happening is that these employees were left with a split pension situation from two pension plans, one a deferred pension from the past and one on a go-forward basis from the new plan.

This happened to many of the public sector employees, as previous governments divested. For many, it is more advantageous for them to have all benefits in one plan, especially if this can be addressed and accomplished at a time when the employer reorganizes or divests.

Bill 236 addressed many of the problems with the past legislation. It is intended to facilitate asset transfer for the past divestments that left so many split pensions, as well as for future divestments and employer reorganizations.

Bill 236 has also set a reasonable framework, although the regulations are a critical part of the implementation process.

Bill 120 includes a few provisions dealing with asset transfers. It is very important that the rules contained in Bill 120 support the progress for Bill 126. It is important to make sure that these rules contained in Bill 120 do not create obstacles to transfer of assets.

On additional voluntary contributions, or AVCs: Responding to the requests of many of our plan members, OMERS is implementing an AVC program, effective January 2011. This will allow members of OMERS to contribute additional amounts of their own money to OMERS, to earn the OMERS pension fund's annual rate of return. This is to assist our members to save more for their retirement.

Our members have been quite supportive of this option and are eager to start contributing. Currently, funds will have to be withdrawn from the AVC accounts when a member turns 71 years old, to be converted to different funding vehicles, such as a registered retirement income fund, or to purchase a life annuity.

We often get questions from the older members of our membership about whether they can be allowed to leave their money in the AVC account to earn the OMERS rate of return for a longer period of time. Bill 120 appears to allow defined benefit plans offering AVCs to provide annuity-like payments from the AVCs according to the income tax regulations, rather than forcing them out at age 71. This would be a very positive change, given the feedback from our membership.

Although we believe that the proposed legislation or provisions under Bill 120 are applicable for AVCs, we suggest that some further clarification of this would be helpful.

In conclusion, OMERS supports ongoing innovation in the pension system and has made many public statements about this. Flexibility is key to the adaptability of our systems over the next few decades. The government should look to opportunities to create more flexibility in the pension system. In order to support innovation, the five-year review of the Pension Benefits Act is a positive change. We are hopeful that this innovation process will be ongoing so that problems can be tackled as they arise.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government this time. Ms. Pendergast.

Ms. Leanna Pendergast: Thank you for being with us today. We appreciate your comments and your input, especially your comments that these are not easy issues and that the government is making progress. The McGuinty government is committed to pension reform in Ontario and, of course, striking that balance that concerns workers, retirees and employers. So we thank you for those comments, and also for your comments on asset transfers and AVCs.

You touched on jointly sponsored pension plans. I'm wondering if you can explain for us the implications of our new rules on the jointly sponsored pension plans for both the taxpayers and your members.

Mr. Andrew Fung: I presume you're talking about the new rules, in terms of funding, for solvency exemption.

I think this is a great, very welcome piece of legislation for JSPPs. John already mentioned that OMERS covers 400,000-plus employees, so we provide great coverage in terms of pension benefits for Ontarians. Solvency, I think, is important for a private sector,

single-employer pension plan, but certainly it doesn't apply to a JSPP situation.

I think it's a very welcome piece of legislation, and we thank the government for that.

Ms. Leeanna Pendergast: We also heard a lot about balance, striking the right balance. We heard the previous group talk about the document to find balance. I'm wondering if you can give us just an overview on how you feel regarding our reforms to Ontario's pension system in terms of how it strikes the right balance between all stakeholders.

Mr. John Poos: Certainly we're pleased to see the government pursue some new initiatives that allow for innovation, which is, I think, long overdue in the province. We're pleased to see that. We're pleased to participate to the extent we can.

We've indicated previously to the government that we're interested in assisting the pension solution as much as we can. The opportunities that the legislation presents in terms of pension innovation, we're very supportive of. We think it does strike the right balance.

Ms. Leeanna Pendergast: We want to thank you for your ongoing support, assistance and input. It's very valuable, and we thank you for that.

Mr. Andrew Fung: Thank you.

Mr. John Poos: Thank you.

The Chair (Mr. Pat Hoy): Thank you very much for your presentation.

CANADIAN PENSIONERS CONCERNED, ONTARIO DIVISION

The Chair (Mr. Pat Hoy): Now I call on the Canadian Pensioners Concerned, Ontario division, please, to come forward. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I'd just ask you to identify yourselves for the purposes of our recording Hansard and then you can begin.

Ms. Barbara Kilbourn: My name's Barbara Kilbourn. I'm president of the board of directors of Canadian Pensioners Concerned, Ontario division. It's part of a national voluntary organization of seniors committed to promoting issues such as pensions, health care, housing and transportation. We are concerned not only for those matters which involve older citizens but all of the factors to make a just, caring, compassionate, civil society of all age groups.

We began, in 1969, concerned about pensions; thus our name. We are still concerned about pensions. We have done briefs over the past 40-plus years concerning pensions. It hasn't gone away but it needs to be looked at again, as you're doing, and improved.

Ms. Gerda Kaegi: My name is Gerda Kaegi and I'm a member of the board of Canadian Pensioners Concerned, Ontario division.

I wanted to start by admitting and agreeing that there are very real limits on what the province can do on its own, so in our brief, which I hope you will have time to

read, we've divided our responses by what the federal/provincial/territorial governments need to do and what Ontario alone can do.

At the start of our paper, perhaps on the second page, we drew a list of some of the critical factors that have been troubling us over the years. We've brought those issues forward in many of our briefs. What we're saying is, if we don't keep all these factors in mind, any policy- or program-tweaking will be doomed to fail to meet the needs of those at risk. You will see the ones that we have identified. I would include not only groups and contingent labour force but the drastic changes in the nature of work, the growth of small employers, the rise of work in the service sector and the risk of sluggish employment. In particular, it's an ongoing issue for us with the status of single, unattached older persons living on their own.

In terms of the OAS/GIS, which came up in the discussion paper, we have a major issue with old age security, in particular with the 10-year waiting period for older immigrants. We feel that 10 years is too long. Many of them, given the changes in the nature of employment, will clearly face poverty. We suggest shortening that waiting period to five years after reaching the age of 65 for those who remain living in Canada. So we're asking for that; that's a joint initiative.

We believe that these programs are out of date, given the rapid increases in costs of what you need to live and the rapid disappearance of defined pension plans. We argue that old age security should be indexed to the increase in the minimum wage, not just to the consumer price index.

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One thing that didn't get referenced in the paper from the Minister of Finance is something that is always missed. Please see if the province can't advocate on behalf of people getting the allowance. The allowance is a highly discriminatory federal program. It needs attention, so I would plead with you: Please look at that.

If nothing happens on the OAS/GIS front, we plead with the government to consider increasing Gains. Under \$1,000 a year is nothing. We are suggesting at least, as a start, maybe go up to \$200 a month, which still isn't going to take somebody out of poverty but it will make quite a difference. If something happens in the OAS/GIS, then bring it down perhaps to a lower increase.

We've been making the same pitch for awhile on the CPP. Again, it's joint action, and we would plead with the government to please push on this. We recommend raising the 25% to the rate of a 50% replacement rate. That still is not going to create a very high income. If you look at the data of what people are getting from CPP, a very small percentage get the full benefit, so it's still not going to be high. We argue for increasing the ceiling from the current average annual wage to a new base of \$60,000. That earning should be then adjusted to reflect the average wage increase in subsequent years.

We accept that this would all have to be phased in, but we must recognize that CPP was never intended to be a significant factor in peoples' retirement. It was only

going to be a quarter of what people expected private plans—and of course we know those haven't happened—were going to do.

The administrative costs of CPP are exceedingly low, so for a cost-benefit analysis we're ahead of the game if we put a lot of emphasis on the CPP. Of course, the rapid decline in private sector defined pensions and the shift to defined contributions put the employees at great risk. We're saying: Put a lot of emphasis on CPP.

The paper raises the question of the huge increase in funds for investment by the CPP. We think the CPP investment board has done a good job. Given the potential growth in their funds, we say that broad policy should be developed about what kind of investments, how much and where, and then of course continue to hold it accountable. We get its annual reports, we were consulted when they started and we set out some views about that. We still believe it has done a reasonably good job and CPP is in good shape. We do not see the expansion of CPP to be a threat to private savings. It's a form of personal savings, whether you like it or not.

For the pension innovation tax-assisted voluntary private savings, we see the government of Ontario taking clear action. We agree with the recommendations that came out of the Harry Arthurs commission, where they recommended an Ontario pension plan agency that could establish perhaps, first choice, a parallel plan to the CPP and a board to invest the funds. We agree with the provisions set out in the consultation document for the management of such plans: fixed contributions and pensions based on investment returns; open to all employees and the self-employed; pooled assets that could be transferred—portability is really important.

We think that provincial pension plan agencies should mandate the plan, or if there are other forms of plans agreed upon, to maximize the benefits for the members with a fixed fee established for the management of the plans. You all know that there are incredible fees for the management of private sector funds and, of course, public accountability. We like the idea—and the Arthurs commission recommend it—of automatic enrolment, while allowing people, if necessary, to opt out and then opt in again, because that would allow them to meet their particular needs at a given time but not lose everything.

Unlike some people, we believe that if you're going to maximize the benefits for the most, contributions should be locked in. On the other hand, we realize catastrophes can happen in families, so we would like to see some kinds of conditions that would allow people to withdraw funds because of circumstances—but then, those rules should be enforced.

For the jointly governed target benefit pension plan, we supported Commissioner Harry Arthurs and his report when he promoted the existence of such plans and improvements to the current regulations. We did not support—we do not support—the idea that employers should have exclusive administrative responsibility for such plans.

Where we see, of course, joint action: the Income Tax Act. The Income Tax Act clearly has to be changed. We

see the federal, provincial and territorial governments having to come together to agree on that.

Finally—and I know decisions were made—we would love the province to go back and second-guess itself under the pension benefits guarantee fund. We strongly believe—let me go back. We praise the province for having the fund; it's unique, it's important. But we believe it must be increased to \$2,000 a month; \$1,000 is too little. The example of Nortel is just a recent one, but we have heard from various people who have been employed in small companies—they've gone bankrupt, they have nothing, and \$1,000 when they thought they had \$4,000 or \$3,000 is almost nothing. But it's better than nothing.

Thank you very much. Thank you for letting us come. We appreciate it, and I hope this will be helpful.

The Chair (Mr. Pat Hoy): Thank you for your presentation. The questioning goes to the official opposition. Mr. O'Toole.

Mr. John O'Toole: Thank you very much for your presentation and for the work you've done since 1969 to hold all stripes at all levels accountable for people's social security, if you will, in the later stages of life.

On the panel here, I'm probably the only one who actually relates to it because I'm over 65, so I'm quite worried about these things, because we don't have a pension in this group. We do have a defined contribution plan. That's what we have. Everybody says that there's no pension. Well, that's false: We really have a group RSP, which is a defined contribution plan. A lot of people here and members don't know that.

Ms. Gerda Kaegi: Really?

Mr. John O'Toole: It's true; they don't. You form sort of an income fund or a RRIF, an annuity, whatever.

My point being—a couple of them. I commend the federal government for trying to develop, because everything you said basically was federal. Oh, yes—

Ms. Gerda Kaegi: Most.

Mr. John O'Toole: It's all federal. CPP is totally—now, there is a discussion, provincially, about trying to flip this over to let the federal government solve it. That's what this debate is about.

Ms. Gerda Kaegi: I realize that.

Mr. John O'Toole: Yes, and it's too political for words, really. It's a broader examination of social policy and the responsibilities of different individuals, as well as different levels of government, to deal with it.

I would say that the Kananaskis meeting that's planned in Alberta will be important to watch—and I'm sure you will be—following up on the two previous first ministers' meetings arranged by Minister Flaherty.

On the CPP issue, the contribution rate is quite important. I think it's tied to the whole RRSP and unused contribution room, or allowing people to contribute more. You mentioned, I think, increasing the taxable income level up to \$60,000 from \$42,000. But these plans have to be completely modified, because you're right: It's 25% of the total lifetime income base. That's a significant change, because somebody has to pay it.

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If you look at it, the real contributor that loses is the federal government, because if you shelter the income from being taxed, the federal government loses most of it. Do you understand? If I contribute to RRSPs, it's deferred taxation. Do you understand?

Ms. Gerda Kaegi: Yes.

Mr. John O'Toole: I'm putting it into RRSPs. I don't pay tax on it; it's sheltered.

Mr. Paul Miller: You do at the end.

Mr. John O'Toole: It depends on how you take it out. But it's important to realize that they're forgoing income in the short term for the potential long term, and they assume all the risk. So it's quite controversial.

I'm like you—going back to the first principles of realizing the importance of having a foundation for people so that they aren't living in unacceptable conditions. That's how I feel, because the future is that no employer wants the liability. You know that; I know that.

I've been to France. It's a huge issue. In Britain—my kids live over there; that's why I'm there. I know a lot about it. Here's the deal: They're all walking away from pension liabilities. The employers don't want it.

In fact, I put on the record here in the Legislature frequently that I worked for General Motors. They went over the cliff. Nortel went over the cliff. Most people don't benefit from the pension benefits guarantee fund, only single-employer pension plans. Joint employer plans don't benefit a thing from the pension benefits guarantee fund. You know that.

Most people haven't got the foggiest idea of how this works. It's unfortunate, because I read a lot, but I still don't claim to know much about it. But my point is that the individual has some responsibilities as well, and it can be handled by voluntary tax, which would be a RRSP into your CPP—nobody likes to say it—or an IOU. Do you understand? If you set these minimums, somebody's going to get something like \$2,000 a month when they retire at some point in the future—

The Chair (Mr. Pat Hoy): We have about a minute left.

Mr. John O'Toole: I'm just wondering about trying to get the provincial government to pony up on the—do you know who pays to the pension benefits guarantee fund? There's no provincial money in it. It's a premium paid by the employers, not Dalton McGuinty or anyone else—not one cent of it, actually. Who should fund the pension benefits guarantee fund? That's a tax, basically.

Ms. Gerda Kaegi: It is a tax. On the other hand, companies usually go bankrupt or are in trouble because of bad management. The workers have forgone wages in order to put money into pensions. In the process, it seems to us that there should be some protection, because the risk has been gambled, I guess, by employers that the management of the company will be sound. Unfortunately—

Mr. John O'Toole: See, that's why the companies don't want it, though. The companies don't want that responsibility either.

Ms. Gerda Kaegi: I understand that, but if you have that guaranteed fund—it exists now, and I praise the province for the fact that it exists, but it's not good enough. I think we have found it, from small companies to big, a huge cost. And there are social costs if people close to retirement or in retirement really fall below the poverty line.

Mr. John O'Toole: I should be able to shelter as much income as I need up to a certain point of, say, \$60,000 and avoid the tax on it so I have money that I can average over the last while. But anyway, thank you. Keep up your work; it's important.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Gerda Kaegi: Thank you.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): I am advised that we did not read this particular subcommittee report into the record at the last meeting. We did two in one day, but it was not this one, so I think we had better have it read in now. Ms. Pendergast.

Ms. Leeanna Pendergast: This is the exciting part.

Your subcommittee on committee business met on Thursday, November 4, 2010, to consider the method of proceeding on Bill 120, An Act to amend the Pension Benefits Act and the Pension Benefits Amendment Act, 2010, and recommends the following:

(1) That the committee hold public hearings in Toronto, at Queen's Park, on Wednesday, November 17, and Wednesday, November 24, 2010, from 12:30 p.m. to 3 p.m., as per the order of the House dated November 3, 2010.

(2) That the clerk of the committee, with the authorization of the Chair, post information regarding the committee's business once in the following newspapers as soon as possible: the Globe and Mail, the Toronto Star and L'Express de Toronto.

(3) That the clerk of the committee, with the authorization of the Chair, post information regarding the committee's business on the Ontario parliamentary channel, on the Legislative Assembly website and with Canada NewsWire.

(4) That the deadline for receipt of requests to appear before the committee be 12 noon on Monday, November 15, 2010.

(5) That, following the deadline for receipt of requests to appear on Bill 120, the clerk of the committee provide the subcommittee members with an electronic list of all the potential witnesses who have requested to appear before the committee.

(6) That, if required, each of the subcommittee members supply the clerk of the committee with a prioritized list of the witnesses they would like to hear from by 5 p.m. on Monday, November 15, 2010. These witnesses must be selected from the original list distributed by the committee clerk.

(7) That groups and individuals be offered 10 minutes for their presentations, followed by up to five minutes for questioning by committee members.

(8) That the deadline for receipt of written submissions be 5 p.m. on Wednesday, November 24, 2010.

(9) That the research officer provide the committee with an interim summary of presentations by 5 p.m. on Wednesday, November 24, 2010, and a final summary of presentations by 5 p.m. on Monday, November 29, 2010.

(10) That amendments to the bill be filed with the clerk of the committee by 12 noon on Tuesday, November 30, 2010, as per the order of the House dated November 3, 2010.

(11) That the committee meet on Wednesday, December 1, 2010, from 12:30 p.m. to 3 p.m. for clause-by-

clause consideration of the bill, as per the order of the House dated November 3, 2010; and finally,

(12) That the clerk of the committee, in consultation with the Chair, be authorized to commence making any preliminary arrangements necessary to facilitate the committee's proceedings prior to the adoption of this report.

Thank you, Chair.

The Chair (Mr. Pat Hoy): Thank you. There weren't any comments when this was sent around; I assume there are none now. Any comments?

Hearing none, are we agreed? Thank you.

We are adjourned.

The committee adjourned at 1405.

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

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Ms. Anne Marzalik, research officer,
Legislative Research Service

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Assemblée législative de l'Ontario

Deuxième session, 39^e législature

Official Report of Debates (Hansard)

Thursday 18 November 2010

Journal des débats (Hansard)

Jeudi 18 novembre 2010

Standing Committee on Finance and Economic Affairs

Enhancement of the Ontario
Energy and Property Tax Credit
for Seniors and Ontario
Families Act, 2010

Comité permanent des finances et des affaires économiques

Loi de 2010 sur l'amélioration
du crédit d'impôt de l'Ontario
pour les coûts d'énergie
et les impôts fonciers
à l'intention des personnes âgées
et des familles de l'Ontario

Chair: Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 18 November 2010

Jeudi 18 novembre 2010

The committee met at 0902 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We're here today for a clause-by-clause of Bill 109.

However, before we start that, I would ask that we have the report of the subcommittee on committee business regarding our travel be put on the record. Ms. Pendergast, do it.

Ms. Leeanna Pendergast: How exciting; another subcommittee report. Shall I read the whole subcommittee report?

The Chair (Mr. Pat Hoy): Yes, that's correct.

Ms. Leeanna Pendergast: Excellent. Thank you, Chair.

Your subcommittee on committee business met on Thursday, November 4, 2010, to consider the method of proceeding on pre-budget consultations 2011, and recommends the following:

(1) That the Chair should forward, as soon as possible, to the three House leaders the committee's request to meet during the upcoming recess. Specifically, the committee would like to meet the week of January 24, as well as on January 31 and February 1, 2011.

(2) That the committee hold pre-budget consultations in London, Windsor, Thunder Bay, Timmins and Ottawa during the week of January 24, 2011.

(3) That the committee hold pre-budget consultations in Toronto on Monday, January 31 and Tuesday, February 1, 2011.

(4) That the clerk of the committee, with the authorization of the Chair, post information regarding pre-budget consultations on the Ontario parliamentary channel, on the Legislative Assembly website and with Canada NewsWire.

(5) That the clerk of the committee, with the authorization of the Chair, place an advertisement, no later than the week of January 3, 2011, in a major newspaper in each of the cities where the committee intends to hold pre-budget consultations, and that the advertisements be placed in both English and French papers, where possible.

(6) That each political party provide the committee clerk with the name of one expert witness and one alternate no later than December 17, 2010.

(7) That expert witnesses be scheduled to appear before the committee in Toronto on Monday, January 31, 2011.

(8) That expert witnesses be offered 15 minutes for their presentations, followed by five minutes of questioning by each political party.

(9) That interested people who wish to be considered to appear before the committee contact the committee clerk by 5 p.m. on Monday, January 17, 2011.

(10) That on Monday, January 17, 2011 the clerk of the committee provide the subcommittee members with an electronic list of all the potential witnesses who have requested to appear before the committee.

(11) That, if all requests to appear cannot be accommodated in any given location, each of the subcommittee members supply the clerk of the committee with a prioritized list of the witnesses they would like to hear from in that location by 12 noon on Tuesday, January 18, 2011.

(12) That, if all requests to appear can be accommodated in any given location, the clerk of the committee, in consultation with the Chair, may schedule all witnesses and no prioritized list will be required for that location.

(13) That the minimum number of requests to appear to warrant travel to a location be eight.

(14) That groups and individuals be offered 10 minutes for their presentations, followed by up to five minutes for questioning by committee members.

(15) That the deadline for written submissions be 5 p.m. on Tuesday, February 1, 2011.

(16) That, in order to ensure that all scheduled presenters are treated with respect and heard without delay during the committee's pre-budget consultations, the committee adopt the following procedures:

—That the committee postpone debate on any motion that relates to the committee's report on pre-budget consultations until the report-writing stage; and

—That notice of any such motion may be filed prior to the report-writing stage, in writing, with the committee clerk.

(17) That the research officer provide the committee with a summary of witness presentations by 5 p.m. on Thursday, February 10, 2011.

(18) That, in order to facilitate the committee's work during report writing, recommendations be filed with the clerk of the committee by 12 noon on Friday, February 18, 2011.

(19) That the research officer provide the committee with a draft report by 5 p.m. on Tuesday, February 22, 2011.

(20) That the committee meet for the purpose of report writing on Thursday, February 24, 2011, during the committee's regular meeting times.

(21) That the committee authorize one staff person from each recognized party to travel with the committee, space permitting, for the purpose of pre-budget consultations and that reasonable expenses incurred for travel, accommodation and meals be paid for by the committee upon receipt of a properly filed expense claim.

0910

And finally—it was a loquacious subcommittee report:

(22) That the committee clerk, in consultation with the Chair, be authorized to commence making any preliminary arrangements necessary to facilitate the committee's proceedings prior to the adoption of this report.

The Chair (Mr. Pat Hoy): Any comment on the report at all? Shall the report be adopted? Carried.

Thank you very much, everyone.

ENHANCEMENT OF THE ONTARIO
ENERGY AND PROPERTY TAX CREDIT
FOR SENIORS AND ONTARIO
FAMILIES ACT, 2010

LOI DE 2010 SUR L'AMÉLIORATION
DU CRÉDIT D'IMPÔT DE L'ONTARIO
POUR LES COÛTS D'ÉNERGIE
ET LES IMPÔTS FONCIERS
À L'INTENTION DES PERSONNES ÂGÉES
ET DES FAMILLES DE L'ONTARIO

Consideration of Bill 109, An Act to amend the Taxation Act, 2007 to implement the Ontario energy and property tax credit and to make consequential amendments / Projet de loi 109, Loi modifiant la Loi de 2007 sur les impôts pour mettre en oeuvre le crédit d'impôt de l'Ontario pour les coûts d'énergie et les impôts fonciers et apporter des modifications corrélatives.

The Chair (Mr. Pat Hoy): So now we'll move to clause-by-clause consideration of Bill 109. My voice is not in the greatest of shape this morning, so please pay attention as I go along. Sometimes it cracks and disappears completely, so I might have to repeat myself or whatever.

We'll start with section 1. There are no amendments to section 1. Shall section 1 carry? Carried.

Section 2 has no amendments. Shall section 2 carry? Carried.

Section 3 has no amendments. Shall section 3 carry? Carried.

Section 4 has no amendments. Shall section 4 carry? Carried.

Now we have an amendment to section 5: Ms. Pendergast.

Ms. Leeanna Pendergast: I move that subclause (b)(ii) of the definition of "A" in subsection 101.1(3) of the Taxation Act, 2007, as set out in subsection 5(3) of the bill, be amended by striking out "paid for the year by the individual" and substituting "paid for the year by or on behalf of the individual".

The Chair (Mr. Pat Hoy): Mr Miller?

Mr. Norm Miller: This is what most of the amendments look like. They're of a technical nature, but a brief explanation of each would be appreciated as to why we're doing this.

Ms. Leeanna Pendergast: Absolutely; thank you, Mr. Miller.

Bill 109, as introduced, refers to costs incurred by an individual. Various amendments are proposed to Bill 109 to allow the credit to be determined not only on the basis of costs that are incurred by an individual, but also costs incurred on behalf of an individual. This would allow, for example, costs incurred by a child of a senior in respect to the senior's principal residence to qualify for the credit.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, shall the motion carry? Carried.

Another government motion to the same section. Ms. Pendergast, it's number 2 in your packet.

Ms. Leeanna Pendergast: I move that subclause (b)(iii) of the definition of "A" in subsection 101.1(3) of the Taxation Act, 2007, as set out in subsection 5(3) of the bill, be amended by striking out "paid by the individual" and substituting "paid by or on behalf of the individual".

The Chair (Mr. Pat Hoy): Any comment?

Ms. Leeanna Pendergast: Did you want me to go through it, Mr. Miller?

Mr. Norm Miller: No, it appears to be the same thing.

Ms. Leeanna Pendergast: Yes, okay. Thank you.

Mr. Norm Miller: Where there are certain ones to be combined, just giving a brief explanation as we go along would be great.

The Chair (Mr. Pat Hoy): No other comment? Shall the motion carry? Carried.

Government motion: Ms. Pendergast, number 3.

Ms. Leeanna Pendergast: I move that section 101.1 of the Taxation Act, 2007, be amended by adding the following subsection after subsection (3), as re-enacted by subsection 5(3) of the bill:

"Receipt of a transitional northern Ontario energy credit under part V.7

"(4) If an individual has a qualified relation on December 31, 2010, and receives a credit under part V.7 for the taxation year, the individual and not the individual's qualified relation may claim an amount under this section for the taxation year."

The Chair (Mr. Pat Hoy): Are you okay with that, Mr. Miller?

Interjection.

The Chair (Mr. Pat Hoy): Okay, then. Shall the motion carry? Carried.

Shall section 5, as amended, carry? Carried.

Government motion number 4.

Ms. Leeanna Pendergast: I move that subclause (b)(ii) of the definition of “A” in subsection 101.2(5) of the Taxation Act, 2007, as set out in subsection 6(3) of the bill, be amended by striking out “paid for the year by the individual” and substituting “paid for the year by or on behalf of the individual”.

The Chair (Mr. Pat Hoy): Any comment? Hearing none, shall the motion carry? Carried.

Number 5 in your packet: Ms. Pendergast.

Ms. Leeanna Pendergast: I move that subclause (b)(iii) of the definition of “A” in subsection 101.2(5) of the Taxation Act, 2007, as set out in subsection 6(3) of the bill, be amended by striking out “paid by the individual” and substituting “paid by or on behalf of the individual.”

The Chair (Mr. Pat Hoy): Any comment? Hearing none, shall the motion carry? Carried.

Number 6.

Ms. Leeanna Pendergast: I move that section 6 of the bill be amended by adding the following subsection:

“(4) Section 101.2 of the act is amended by adding the following subsection:

“Receipt of a transitional northern Ontario energy credit under part V.7

“(8) If an individual has a qualified relation on December 31, 2010 and receives a credit under part V.7 for the taxation year, the individual and not the individual’s qualified relation may claim an amount under this section for the taxation year.”

The Chair (Mr. Pat Hoy): Any comment? Hearing none, shall the motion carry? Carried.

Shall section 6, as amended, carry? Carried.

Section 7 has no amendments. Shall section 7 carry? Carried.

Section 8 has no amendments. Shall section 8 carry? Carried.

Section 9, page 7: There is an amendment. Ms. Pendergast.

Ms. Leeanna Pendergast: I move that the definition of “adjusted income” in subsection 104.35(1) of the Taxation Act, 2007, as set out in section 9 of the bill, be amended by striking out “subdivision a of division E of part I of the federal act” at the end and substituting “section 122.5 of the federal act”.

The Chair (Mr. Pat Hoy): Mr. Miller.

Mr. Norm Miller: Yes, an explanation, please.

Ms. Leeanna Pendergast: Sure. It’s an amendment to correct a definition. It would correct a drafting error. The definition referring to subdivision a of division E of part I of the federal act is proposed to be amended so that it refers to section 122.5 of the federal act.

Pretty technical stuff. Sorry, Norm. I was reading that answer; you may not have noticed. You can tell, when I speed up.

The Chair (Mr. Pat Hoy): No further comment? Shall the motion carry? Carried.

There’s another amendment to that section on page 8. Ms. Pendergast.

Ms. Leeanna Pendergast: Mr. Delaney is going to read this one, Chair.

The Chair (Mr. Pat Hoy): Okay.

Mr. Bob Delaney: I move that subclause (b)(ii) of the definition of “A” in subsection 104.37(1) of the Taxation Act, 2007, as set out in section 9 of the bill, be amended by striking out “paid for the base taxation year by the individual” and substituting “paid for the base taxation year by or on behalf of the individual”.

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Carried.

Page 9: Mr. Delaney.

Mr. Bob Delaney: I move that subclause (b)(iii) of the definition of “A” in subsection 104.37(1) of the Taxation Act, 2007, as set out in section 9 of the bill, be amended by striking out “paid by the individual” and substituting “paid by or on behalf of the individual”.

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Carried.

Page 10.

Ms. Leeanna Pendergast: I move that section 104.37 of the Taxation Act, 2007, as set out in section 9 of the bill, be amended by adding the following subsection:

“Receipt of a northern Ontario energy credit under part V.6

“(3) If an individual has a qualified relation on December 31 of a base taxation year and receives a credit under part V.6 for a specified month in respect of that base taxation year, the individual and not the individual’s qualified relation may receive an amount payable under this part for a specified month in respect of the base taxation year.”

Same explanation.

0920

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Carried.

Page 11.

Ms. Leeanna Pendergast: I move that subclause (b)(ii) of the definition of “A” in subsection 104.38(1) of the Taxation Act, 2007, as set out in section 9 of the bill, be amended by striking out “paid for the base taxation year by the individual” and substituting “paid for the base taxation year by or on behalf of the individual”.

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Carried.

Number 12.

Ms. Leeanna Pendergast: I move that subclause (b)(iii) of the definition of “A” in subsection 104.38(1) of the Taxation Act, 2007, as set out in section 9 of the bill, be amended by striking out “paid by the individual” and substituting “paid by or on behalf of the individual”.

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Carried.

Number 13.

Mr. Bob Delaney: I move that section 104.38 of the Taxation Act, 2007, as set out in section 9 of the bill, be amended by adding the following subsection:

"Receipt of a northern Ontario energy credit under part V.6

"(5) If an individual has a qualified relation on December 31 of a base taxation year and receives a credit under part V.6 for a specified month in respect of that base taxation year, the individual and not the individual's qualified relation may receive an amount payable under this part for a specified month in respect of the base taxation year."

The Chair (Mr. Pat Hoy): Any comment? All in favour? Carried.

Number 14.

Mr. Bob Delaney: I move that subparagraph 3ii of subsection 104.39(1) of the Taxation Act, 2007, as set out in section 9 of the bill, be amended by striking out "that each of them paid" and substituting "that was paid by or on behalf of each of them".

The Chair (Mr. Pat Hoy): Any comment? All in favour? Carried.

Number 15.

Mr. Bob Delaney: I move that subparagraph 3iii of subsection 104.39(1) of the Taxation Act, 2007, as set out in section 9 of the bill, be struck out and the following substituted:

"iii. In the case of a principal residence that is a non-seasonal mobile home owned and occupied by one or both of them, the amount paid for the year by or on behalf of each of them to the owner of the land on which the mobile home is located that can reasonably be considered to have been paid to compensate the owner for municipal tax assessed against the land for the year and the amount of municipal tax that was paid by or on behalf of each of them for the year in respect of the mobile home."

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Carried.

Number 16.

Ms. Leeanna Pendergast: I move that section 104.39 of the Taxation Act, 2007, as set out in section 9 of the bill, be amended by adding the following subsections:

"Amount not to be charged

"(8) A credit under this part or an entitlement to the payment of a credit under this part, as the case may be,

"(a) shall not be assigned, charged, attached or given as security; and

"(b) shall not be garnished.

"Exception, family orders

"(9) Subsection (8) does not affect or restrict the garnishment or attachment of payments under this part pursuant to the Family Orders and Agreements Enforcement Assistance Act (Canada)."

I'd like to give an explanation, please.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: An explanation.

Ms. Leeanna Pendergast: Yes. This amendment ensures that payments of the Ontario energy and property tax credit would be treated the same in bankruptcy as payments of the Ontario senior homeowners' property tax grant, the Ontario sales tax credit, the Ontario sales tax transition benefit and the northern Ontario energy credit.

The amendment would exempt the payment from the property of a bankrupt divisible among creditors, but the proposed amendment would specifically allow credit payments to be garnished under the Family Orders and Agreements Enforcement Assistance Act (Canada).

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Carried.

Number 17, Ms. Pendergast.

Ms. Leeanna Pendergast: I move that section 9 of the bill be amended by adding the following subsection:

"(2) Subsection 104.35(1) of the act, as enacted by subsection (1), is amended by adding the following definition:

"shared-custody parent", in respect of a qualified dependant at a particular time, means, where the presumption referred to in paragraph (f) of the definition of "eligible individual" in section 122.6 of the federal act does not apply in respect of the qualified dependant, an individual who is one of the two parents of the qualified dependant who,

"(a) are not at that time cohabiting spouses or common-law partners of each other,

"(b) reside with the qualified dependant on an equal or near equal basis, and

"(c) primarily fulfil the responsibility for the care and upbringing of the qualified dependant when residing with the qualified dependant, as determined in consideration of prescribed factors;"

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Carried.

Number 18.

Ms. Leeanna Pendergast: I move that section 9 of the bill be amended by adding the following subsection:

"(3) Section 104.37 of the act, as enacted by subsection (1), is amended by adding the following subsection:

"Exception, shared-custody parent

"(4) Despite subsection (1), if an eligible individual, other than a senior, is a shared-custody parent in respect of a qualified dependant and does not have any other qualified dependants or a qualified relation at the end of a base taxation year, the amount of an Ontario energy and property tax credit payable to the individual for a specified month in respect of the base taxation year is the amount that would be determined under subsection (1) if the definitions of "C" and "D" in that subsection read as follows:

"C" is the amount determined by the formula,

$$\frac{E + F}{2}$$

“in which,

““E” is the greater of \$20,000 and the individual’s adjusted income for the base taxation year, and

““F” is the greater of \$25,000 and the individual’s adjusted income for the base taxation year, and

““D” is \$22,500.”

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Carried.

Number 19, Mr. Delaney.

Mr. Bob Delaney: I move that section 9 of the bill be amended by adding the following subsection:

“(4) Section 104.38 of the act, as enacted by subsection (1), is amended by adding the following subsection:

“Exception, shared-custody parent

“(2.1) Despite subsection (1), if an eligible individual who is a senior is a shared-custody parent in respect of a qualified dependant and does not have any other qualified dependants or a qualified relation at the end of a base taxation year, the amount of an Ontario energy and property tax credit payable to the individual for a specified month in respect of the base taxation year is the amount that would be determined under subsection (1) if the definitions of “C” and “D” in that subsection read as follows:

““C” is the amount determined by the formula,

$$\frac{E + F}{2}$$

“in which,

““E” is the greater of \$25,000 and the individual’s adjusted income for the base taxation year, and

““F” is the greater of \$30,000 and the individual’s adjusted income for the base taxation year, and

““D” is \$27,500.”

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Carried.

Shall section 9, as amended, carry? Carried.

Section 10 has no amendments. Shall section 10 carry? Carried.

Section 11 has no amendments. Shall section 11 carry? Carried.

Section 12: We have a government motion on page 20 in your packet. Ms. Pendergast.

Ms. Leeanna Pendergast: I move that section 12 of the bill be struck out and the following substituted:

“Commencement

“12.(1) Subject to subsection (2), this act comes into force on the day it receives royal assent.

“Same

“(2) Subsections 9(2) to (4) come into force on a day to be named by proclamation of the Lieutenant Governor.”

The Chair (Mr. Pat Hoy): Any comments?

Ms. Leeanna Pendergast: I’d like to make a comment to clarify. Bill 109 would come into force on the day it receives royal assent. The amendment would provide for the proposed shared-custody amendment to take effect on the day proclaimed by the Lieutenant Governor, as mentioned.

The proposed shared-custody amendments are intended to parallel similar amendments that have been proposed to the Income Tax Act (Canada). The federal bill that includes these proposals has not yet been passed.

The Chair (Mr. Pat Hoy): Thank you. Shall the motion carry? Carried.

Shall section 12, as amended, carry? Carried.

There are no amendments to 13. Shall section 13 carry? Carried.

Shall the title of the bill carry? Carried.

Shall Bill 109, as amended, carry? Carried.

Shall I report the bill, as amended, to the House? Carried.

We are adjourned.

The committee adjourned at 0928.

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Wednesday 24 November 2010

Journal des débats (Hansard)

Mercredi 24 novembre 2010

Standing Committee on Finance and Economic Affairs

Securing Pension Benefits Now
and for the Future Act, 2010

Comité permanent des finances et des affaires économiques

Loi de 2010 sur la pérennité
des prestations de retraite



Chair: Pat Hoy
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STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Wednesday 24 November 2010

Mercredi 24 novembre 2010

*The committee met at 1231 in room 151.*SECURING PENSION BENEFITS NOW
AND FOR THE FUTURE ACT, 2010LOI DE 2010 SUR LA PÉRENNITÉ
DES PRESTATIONS DE RETRAITE

Consideration of Bill 120, An Act to amend the Pension Benefits Act and the Pension Benefits Amendment Act, 2010 / Projet de loi 120, Loi modifiant la Loi sur les régimes de retraite et la Loi de 2010 modifiant la Loi sur les régimes de retraite.

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We're here for public hearings on Bill 120, An Act to amend the Pension Benefits Act and the Pension Benefits Amendment Act, 2010.

OSLER, HOSKIN AND HARCOURT LLP

The Chair (Mr. Pat Hoy): Our first presenter this afternoon are Osler, Hoskin and Harcourt. If you'd come forward please.

Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I'd just ask you to identify yourselves for our Hansard recording, and you can get started.

Mr. Ian McSweeney: Sure. My name is Ian McSweeney. I'm a partner with Osler, Hoskin and Harcourt in Toronto.

First of all, I'd like to thank the standing committee for allowing me to attend today to present some of my comments on Bill 120. The Ontario government, in my view, is to be commended for its significant efforts to put forward a much-needed pension reform in a number of areas in the 2008 Arthurs report; one which intended to promote the objectives in that report, which included better securing pensions to deliver the pension promise, clarifying surplus rules, improving plan administration, reducing compliance costs and strengthening regulatory oversight.

To date, the PBA reforms that have been brought forward pretty much track the Arthurs report recommendations. These recommendations were based on three fundamental assumptions: First, that the DB single-employer pension plan model is dead or essentially a thing of the past; second, though dead as far as new creation

goes, while existing DB SEPPs continue they require strict regulation, particularly in the areas of funding; and third, multi-employer and jointly sponsored target benefit plans will be the preferred model going forward in the future.

I lament the demise of the DB SEPP. I believe that the traditional single-employer DB model provides strong security for member retirement benefits as long as such benefits are responsibly designed or negotiated and properly managed through funding and investment, which reflects liabilities. However, my comments today are intended to be limited to specific areas of Bill 120 identified in my letter to Minister Duncan of October 27—which I believe the committee now has—which deals with several of the provisions of Bill 120, including the payment of plan expenses, employer contribution holidays and surplus withdrawal rules and related new arbitration provisions.

The common themes in my submission to Minister Duncan in these areas are, first, the need to remove ambiguities in Bill 120's wording to properly reflect the government's intent and to avoid, where possible, the need for FSCO interpretations which, in many circumstances, tend to be ultra-conservative and practically problematic; second, the need to ensure that the stated government goal of improving plan administration and reducing compliance costs is carried out; and finally, urging the government to prioritize its primary goals, like improving pension coverage and delivering promised benefits, ahead of perpetuating expensive stakeholder squabbles relating to largely unintended results of historical plan drafting.

First of all, with regard to plan expenses, the committee will be aware of the significant amount of litigation over the years, ending in 2009 with the Supreme Court of Canada decision in the Kerry case relating to whether a pension plan administrator can charge even reasonable expenses of administering the plan to the plan fund. Bill 120 proposes to codify the common law result allowing such expenses to be charged to the fund, subject to certain limited exceptions.

Two of these exceptions raise ambiguities that should be clarified, first, through an amendment to delete certain words in subsection 22.1(2) of the new PBA to ensure that the plan provisions or regulations which do not prohibit the payment of expenses but which may provide for such payment in different ways, such as payment first by the plan administrator and then reimbursement from

the fund, will not be unintentionally caught by the exception; and second, to revise the wording of subsection 22.1(5) to clarify that plan administrators will not be precluded from charging fees of external service providers, such as custodians and actuaries, that relate to plan administration to the plan just because the plan or the regulations may prohibit the administrator from charging its own fees to the fund.

My final point on plan expenses is also my only comment on Bill 120's contribution holiday provisions. For both issues, Bill 120 arguably codifies the current common law requirement of determining the validity of what the plan documents say by legal analysis of its historical terms. In my experience, while I am happy for the work, such requirements add significant costs to plan administration, promote expensive litigation and sometimes lead to unintended windfalls to plan members that are completely collateral to the main purposes of the pension plan.

In my submission, Bill 120 should be amended to eliminate this administrative burden by clarifying that when determining whether the plan documents contain some prohibition or restriction on the payment of plan expenses or the taking of employer contribution holidays, the administrator needn't look beyond the current plan documents. This is the right result from a policy perspective.

With respect to pension surplus, and assuming we are ever again blessed with sustained rises in global markets and assuming long-term interest rates rise above their current historic lows, there are a number of revisions suggested in my October 27 submission: first, the need to clarify the availability of entitlement-based surplus withdrawal, and second, the need to clarify that while partial windups are with us, partial windup surplus consents are limited to the members of the partial windup sharing group as opposed to the entire plan population, which would make partial windup surplus-sharing next to impossible.

In addition, Bill 120 proposes the availability of arbitration in relation to surplus allocation on full and partial windup. While I'm not opposed to such arbitration, I believe that the existing wording of Bill 120 needs to be reviewed to make sure it achieves the intended result and is constructive and not destructive to the process of surplus distribution.

I have three main comments: First, the wording of new subsection 77.12(1) of the PBA, which describes the circumstances under which arbitration may be invoked at the discretion of the superintendent, needs to be revised to clarify that arbitration relating to entitlement-based surplus withdrawals is distinct from arbitration relating to consent-based surplus-sharing. In other words, the "and" between clause (a) and clause (b) of subsection 77.12(1) should be an "or."

Second, it is important to understand that the prescribed time periods referred to in those clauses are each very different and should be prescribed having regard to very different processes relating to entitlement-based

withdrawal compared to member consent-based sharing. Perhaps that comment goes more towards the supporting regulations than to Bill 120 itself.

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Finally, to assist the superintendent in dealing with difficult situations, for example, where a dissident member group is seeking arbitration to defeat a surplus-sharing process being supported by the majority of affected members, clear guidelines should be adopted that provide the superintendent with clear direction and authority on the exercise of the arbitration discretion, including authority to reject arbitration requests which could operate to the prejudice of consenting members and other parties.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Ian McSweeney: I'm almost done; I won't need it.

In such circumstances, the courts should be deciding dissident member rights, if any, not an arbitrator.

Mr. Chair, those are my submissions. I'm happy to take questions.

The Chair (Mr. Pat Hoy): Thank you very much for that submission. The questioning will go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you, Mr. McSweeney, for your presentation this morning. You started out by saying—I believe you said there was a conclusion from the Arthurs report that defined benefit pension plans are dead. Can you expand a bit on that?

Mr. Ian McSweeney: Well, they're dead for a number of reasons. We've seen, over the course of the last several decades, the gradual decline of single-employer pension plans. There's really a number of factors that have contributed to that, like the increased cost of administration.

Perhaps the most striking thing, I think, and I haven't touched upon it here, is the trapped capital concern. That is, employers are being, on the one hand, encouraged to better secure their plans and better fund their plans in times of market volatility, knowing that if they do better fund their plans or fully fund their plans, in times when the markets rebound and surplus is created and a partial windup occurs, the surplus relating to those overcontributions will be subject to the distribution process, which requires member sharing. So on the one hand, there's the push for better security; on the other hand, employers know that if they put too much money into the plan, it could be trapped there and distributed, at least in part, to members on an unintended basis.

Mr. Norm Miller: You mentioned the increased cost of administration. Will you speak to that a bit? Has it gone up dramatically in the last number of years?

Mr. Ian McSweeney: I suspect that with the increased burden of regulatory requirements, plan administrators have been forced to enhance their governance and other processes. I'm not saying that's a bad thing; plan governance is a good thing. I'm just saying that the government needs to be mindful that, in order to per-

petuate pension coverage for single-employer DB plans, there has to be an acknowledgement that these plans are incredibly expensive and very complex to run and have high liability associated with them as far as the plan administrators and plan sponsors that run them.

Mr. Norm Miller: Would this bill help with the costs, make it worse or have no effect?

Mr. Ian McSweeney: No, I think this bill is very helpful. But for the reasons that I've mentioned, I think that from a policy perspective, one of the striking areas of administration cost is the constant need—as I said, I don't mind the work—to go back and look at historic plan documents to justify things that are collateral to the main purposes of the plan, such as the payment of plan expenses.

What I'm suggesting is that the government should say, "We understand that the plan may have historic ambiguities, historic problems with drafting, but as a policy matter, going forward, we're going to allow plan expenses unless they're prohibited under the current documents, and we're going to allow contribution holidays," because it all goes to the same issue. That issue is, are we going to allow the assets that are in a plan to be dedicated to paying the liabilities of the plan and the expenses of running it?

Mr. Norm Miller: So that was your point under the contribution holidays: Use current plan documents only, not historic documents.

Mr. Ian McSweeney: That's correct.

Mr. Norm Miller: Were there other recommendations from the Arthurs report that you thought should have been adopted by the government that haven't been?

Mr. Ian McSweeney: Not to sidestep the question, but I must say that in my view, the single most interesting recommendation—it came out of the JEPPS report out west—that has not been picked up is the addition of greater security to pension plans that would be afforded by pension security accounts. In other words, getting at this trapped capital issue, if the pension plan sponsors were allowed to establish a separate fund underneath the plan and contribute to that fund and know that those contributions, in the event that they generate surplus or overcontributions down the road, would not be caught by the surplus distribution requirements and other entanglements of the legislation. If they were devoted purely to securing member benefits, then sponsors would be much more willing to better fund their plans. They'd be much more willing to fund their plans over and above the minimum statutory requirements, because they know that if that money which is being contributed for the purpose of funding benefits up to 100% of the liability—if, for some reason, too much investment returns create excess funds, then it's not going to be trapped. The balance sheets, and this is important for public companies, are not going to potentially reflect a loss or a writeoff in the event that an unforeseen circumstance requires the distribution of that surplus out.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CONGRESS OF UNION RETIREES OF CANADA

The Chair (Mr. Pat Hoy): Now I call on the Congress of Union Retirees of Canada to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourselves for our recording, and then you can begin.

Mr. Malcolm Buchanan: Thank you very much. My name is Malcolm Buchanan. I'm the president of the Hamilton, Burlington and Oakville chapter of the Congress of Union Retirees of Canada.

Ms. Betty Ann Bushell: I'm Betty Ann Bushell, treasurer of the Congress of Union Retirees of Canada.

Mr. Pat Kerwin: I'm Pat Kerwin, president of the Congress of Union Retirees of Canada.

Mr. Malcolm Buchanan: Thank you for the opportunity to address the standing committee. I'd just like to tell you that the Congress of Union Retirees of Canada is a national intergenerational voluntary organization representing retirees from numerous unions across Canada. We act as an advisory organization to ensure that the concerns of senior citizens are heard and addressed. Specifically, CURC's purpose is to petition legislators for the introduction and support of legislative measures to improve the health and welfare of all retired persons and to fight for the rights of retired persons to have an equitable standard of living.

A key component of well-being includes economic and financial security in retirement. The Canadian pension plan, CPP; and old age security, OAS, along with the guaranteed income supplement, GIS, are two key pillars in Canada's retirement income system. The third is a combination of private pension plans such as those negotiated by unions, RRSPs and savings. Only 37.5% of Ontario workers belong to an employer or workplace pension plan.

Today's pensions are at risk. Many of today's retirees face the problem of loss of or reduction in their pensions when their former employers enter restructuring, bankruptcy or liquidation proceedings. Others have lost much of their personal or defined contribution plans in the stock market meltdown. Tomorrow's retirees face even greater financial challenges. For many of them, the old advertising slogan Freedom 55 has now turned into the revised hope of Freedom 75.

Today employers are threatening to either eliminate pensions for new hires, turn defined benefit plans into defined contribution plans or drastically increase employee premium contributions and reduce benefits. For example, US Steel in Hamilton is attempting to change the existing defined benefit pension plan to a defined contribution plan for new employees and remove indexing for retired workers.

I think Nortel is another example of how badly retirees have been treated.

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CURC, or the Congress of Union Retirees of Canada, is asking that all levels of government must act to face

the fact that an increasing number of Canadians have no—or limited—pensions. There are 11 million working Canadians with zero employer-sponsored pension plans. RRSPs are underused and skewed to higher-income earners and do not guarantee financial security, since they are subject to market irregularities. The current retirement security system is basically not working for many Canadians, including a growing number of Ontarians.

Pat?

Mr. Pat Kerwin: Thank you very much. The national body of the Congress of Union Retirees of Canada made a presentation to the Arthurs commission, and this, in many ways, is a follow-up to it.

The thing I want to stress is that what you decide here is not just affecting workers in Ontario. It's affecting workers who live right across Canada, because of the way pensions are governed: by where the head offices of companies are. So we take a real interest in this, not only for Ontario retirees, but for retirees across Canada.

The second general thing is that we're in the midst now of a discussion of what will happen to the CPP. The Ontario government has just released a discussion paper out there. I commend them on doing that, because Arthurs—although it wasn't his mandate—did ask the government to take that on.

We think the government's not going far enough on this. We believe it should be 50%—we'll talk about that again when we get the recommendations—and to not wait for 40 years to bring it in, but to do it in more like 10. The government's suggestion of increasing yearly maximum pensionable earnings to 150% in that year is not a bad one.

The other general reality today is that workers, especially with the meltdown and the closure of the plants assigned them, people who thought they had secure pensions, whether they're defined benefit or whatever, think it's very much different today. A lot of times people look to retirement and say, "Well, I'm looked after. I'll go on." This is not the case. I met yesterday for lunch with salaried employees from GM and Bell Canada. They've got their association and they appeared last week here before you. Everyone realizes—the retirees—that it isn't over. You don't have a guarantee of whatever benefits you're entitled to.

Whatever happens, I think that the law should really stress that retirees will have a role—not "may." Whether it's the unions doing it or whether it's the companies doing it, it should stress that the unions will have a role in all these areas. It's important for transparency. The issue of surpluses and pension holidays—I think they've got to be very clear to people and people have got to know what's happening.

Arthurs, when he wrote his report, wanted a pension advocate; a new agency set up. I think that's important. He saw a council backing it up. Again, retirees should be part of that council. This is something that we want to be involved in for certain.

The issue of portability is a big one. Workers move between jobs. They don't stay there for 30 years in one

employment plan, so I think that's really important. Again, there is the importance of CPP, which is, to take Arthurs's words, the best large multi-employer target pension plan. So it's going to be there for the benefits.

We're not so keen on waiting for yet another innovation from the financial industry, to put it bluntly. RRSPs did not work out the way a lot of people thought they were going to.

I'll just conclude with one story told by another vice-president, who was a Nortel employee in Kingston. When that plant shut down, the 320 workers left there had the option of either leaving their money in the Nortel plan or taking a cash payout. Eighty-five percent of them took a cash payout, and what did they do? They put the money into Nortel stock. Both of them are real big losers today.

Betty Ann?

Ms. Betty Ann Bushell: We've given you a number of conclusions and recommendations. It is certainly our view that enhanced CPP is in the best interests of all workers in this country. It is portable and there are ways to have it apply to everyone.

This is a legacy issue. It's up to this Legislature to leave the people of Ontario in a much better position in terms of their retirement and pensions than they are now, and I would urge you to do it well and do it with long-term thoughts in your minds. We can't proceed with little patches here and there. It's already been pointed out that the majority of workers do not have a pension plan and they face a life of insecurity as they age.

We should point out that CPP benefits have been kept deliberately low because of pressures from banks and employer lobbyists. Historically, these benefits were kept low because the employers promised to create better pension options on a voluntary basis, and banks offered to create a better system through RRSPs. We know neither of those things has happened. In fact, we've seen disaster in the area of RRSPs as the only pension security. We urge this committee to recommend and to support a move to expand Canada pension plan savings to double the future benefits.

We are opposed to any move to replace defined benefit plans with defined contribution. We see those coming largely from overseas companies who would like to bring our standards down to the lowest common denominator.

We would also urge you to recommend immediate increases in both old age security and guaranteed income supplement. An increase of 15% for all retirees would make an enormous difference, particularly to those below or near the poverty line.

We support an enhanced pension benefits guarantee fund that would increase the coverage from the current \$1,000 per month to \$2,500 per month. This could be done gradually, over time.

We certainly support initiatives for more stringent and transparent requirements of disclosure of contribution holidays and surpluses. We have serious misgivings regarding contribution holidays, and surpluses are assets of the pension plan and should not be used to reduce employer costs.

The Chair (Mr. Pat Hoy): You have about a minute left.

Ms. Betty Ann Bushell: Thank you.

We urge the standing committee to recommend that retirees be represented on pension community advisory councils. We recommend that pension portability issues be dealt with, and we have serious misgivings about the granting of any new powers to private financial institutions and the insurance industry to provide pension products. There are too many outstanding issues regarding pension design, governance, regulation and windfall profits, to name a few, and when you look at those plans, please look seriously at who benefits first and who benefits most.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the NDP and Mr. Miller.

Mr. Paul Miller: Thank you for coming today, and thank you for your presentation. I must start off by saying I am in complete support of enhancing CPP. I'm not quite sure I share your optimism on what Mr. Harper is going to do with the CPP. You have a very interesting request: doubling it; 50% more. I'm not quite sure that's going to happen. Our suggestion from the NDP, as you know, was an Ontario pension plan to supplement the CPP for people in Ontario. We certainly feel that that would have made a big difference.

I'd like to remind you that CPP is based on contributions, and not everybody contributes to the CPP and not everyone's entitled to large CPP payments. I think the maximum is \$960 right now. A lot of people get 100 bucks; a lot of people get 200 bucks, and even a 15% increase to that certainly isn't going to make a change in their life and take them out of poverty. You have to look at that perspective too.

I'd also like to remind presenters that 76% of the pension plans in this province fall under Ontario's auspices, and the Ontario government at this point, the one that's in power right now, is pushing for CPP because they don't want the responsibility of starting a pension plan in Ontario which is similar to CPP, which we think would be certainly beneficial to our future generations.

I've got three questions for you. As you know, this was in the Arthurs report. I guess, Malcolm, to you: Do you support a gradual and responsible increase to the PBGF maximum, the monthly benefits guarantee fund, to \$2,500, as suggested by Mr. Arthurs? If yes, why? If not, why?

1300

Mr. Malcolm Buchanan: Well, we obviously do support that. It was part of our submission to the Arthurs commission that that fund had to be enhanced. We do believe that through a phase-in period—I think right now the contribution is less than \$5—it could be increased over a period of time up to, say, \$10. That would get you up to the \$2,500. We fully support that.

Mr. Paul Miller: Good. Do you support the creation of an Ontario pension plan? If yes, why? If not, why?

Mr. Malcolm Buchanan: As long as it's supplementary to the Canada pension plan, I see no fault with

that, as long as it's one in which all the players are involved, it's open and transparent, and it's not necessarily run by the financial or the insurance industries. It has to be a public plan.

Mr. Paul Miller: That's what ours was. It was a public plan run by the Ontario government, similar to the way CPP is run.

I have a real problem with the last presenter's idea of surplus distribution. His idea was that there would be a fund created by the employer, a separate fund, that would be there for surplus, and they'd be able to tap into it. What he didn't mention in his presentation is, five years down the road, if there's a recession or a depression and they have dipped into their little side fund through the surplus, and the remainder has dwindled away in the last five years because of the recession, bolstering the plan that's in place—they didn't say anything about why you wouldn't leave the surplus in there for bad times. They want to tap into it in the good times, but they didn't talk about the bad times. How do you feel about that?

Mr. Malcolm Buchanan: We believe that all of the monies, especially the surplus, are assets to the fund. They have to stay in the fund. We have seen all sorts of shenanigans in past years, including Conrad Black pirating pension plans, Dominion Food workers' in particular. Yes, we do not believe that the surplus should be removed for any other purpose than for the benefit of the plan contributors and sponsors—period.

Mr. Paul Miller: Good. I notice you mentioned the Stelco situation, US Steel, and how they've come into this country and ignored our laws, thumbing their nose at contractual law and done whatever they've done because of the lack of government action, federally as well as provincially, to bring this company and other companies like it into line. How do you feel about that?

Mr. Malcolm Buchanan: Well, I think it's criminal, from a personal point of view. I think that the federal government has got a responsibility here in this so-called agreement that they made that it had to be in the interests of Canada. There were guarantees about job creation. Of course, the provincial government has a stake in this, too, because they helped bail out the pension plan there before.

Moving towards a defined contribution plan, I think, is going to have some serious repercussions, not only in the steel industry but also in other areas, because other employers are going to be encouraged by that.

Mr. Paul Miller: Thanks. My last question would be, the last presenter also said—which was to my dislike—that defined benefit pension plans are dead. I don't feel that way.

If that presenter had taken a look at the most successful pension plan in Ontario—it's called HOOPP, the hospital workers of Ontario—they are fully funded. Even through the recession and all the things that went bad in the market, they only lost 6% because they have good actuaries, they have good investors and they get good legal advice.

How do you feel about the last presenter's opinion that defined benefit pension plans are dead and that contributory plans are good?

Mr. Malcolm Buchanan: Just very briefly, I will just refer you to comments made by Mr. Jim Leech, the CEO and president of the Ontario Teachers' Pension Plan, which is another very sound pension plan, which I'm a member of. He made a comment about why defined benefit pension plans are far superior to defined contribution plans or any other plan. He talks about management, he talks about the large pooling of monies that can be used and he talks about the ethic that these pension plans operate by. They are there for the service of the members and not the service of the bottom line or the profit. This, I think, is very important, so I would urge that the committee refer to the comments that Jim Leech made at the 2010 conference—there was a summit meeting on pensions. He was one of the keynote speakers at that. I would urge the committee to refer to his remarks talking about the importance of a defined benefit pension plan as opposed to a defined contribution plan.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

BUCK CONSULTANTS

The Chair (Mr. Pat Hoy): Now I call on Buck Consultants, please.

Good afternoon. While you're setting up there, if you would begin by introducing yourselves, and then we can start with your presentation. You have 10 minutes, and possibly five minutes of questioning. Go ahead.

Ms. Cindy Rynne: Good afternoon. I'm Cindy Rynne. This is my colleague Dan Clark. We're from Buck Consultants. I want to thank you very much for allowing us the opportunity to provide comments to you today regarding Bill 120.

With the short amount of time, we want to get directly to the point. Our purpose here today is target benefit plans.

As all of you are aware, the third pillar of the Ontario pension system, which covers employer-sponsored pension plans, needs strengthening. Defined benefit plans are not working for most employers in the private sector due to the escalating costs as a result of volatile markets, unaffordable benefits and increasing administrative complexity.

Defined contribution plans are not working for most employees, as many will be surprised to find insufficient funds at retirement, primarily due to the investment and longevity risks that they are being burdened with.

This was recently made very real to me by a client who has a number of DB plans that in the last couple of years have either converted to DC or have DC components—are frozen. They said, "Cindy, these DB plans are not working for us, and the DC plans are not working for the union. What to do?" I said, "Hold on. We're hoping to come up with a solution shortly." That solution, we believe, is target benefit plans.

Target benefit plans are for the best of both the DB and the DC worlds and offer a very real solution to the

ever-increasing problem of decreasing pension plan coverage to Ontario workers.

What is a target benefit plan and how does it work? As the name implies, the benefit provided at the end of the day is targeted to be at a certain level. To the extent that actual experience differs from that assumed, the benefits can be increased or decreased. It is a contingent benefit. Both benefits and contributions are defined, so the objective is DB but the promise is DC.

To see real-life cases of how these target benefit plans work, you can look to today's multi-employer pension plans, or MEPPs, as they're called. At Buck Consultants, we are actuaries to numerous MEPPs covering over 500,000 Ontario workers, so we do know how successful these plans can be. Target benefit plans are a practical alternative to the traditional DB or DC plan.

The next slide has a quick visual on how it works. Employee/employer contributions go in on a defined contribution basis. Investment income is earned, and then out of the plan come the expenses. The benefits to employees are on a defined benefit basis. So contributions go in on defined contribution but they come out on defined benefit.

There are five fundamentals to allow for an effective operation of a target benefit plan: First, you must have the ability to reduce accrued benefits, not just prospectively but retroactively.

The employer liability must be limited to fixed contributions, so all deficits do belong to the members but so do the surpluses.

These plans must be viewed as DC for accounting purposes. This allows for simplicity and gets rid of a lot of the administrative complexity, because the pension expense is simply equal to the contribution of the plan.

The plans must also be viewed as DC for tax purposes. This allows for the pension adjustment also to be equal to the contribution.

Finally, there can be no solvency funding requirement. Again, no associated PBGF coverage goes with them: These plans are self-sufficient.

Target benefit plans can be more effective for employers, compared to defined benefit plans. As I said before, surplus/deficit ownership issues are eliminated.

No solvency funding allows employers not to be impacted by short-term market conditions and volatility, although they still need to disclose the solvency position.

Accounting complexities, admin costs and unexpected hits to the financial statements are eliminated as a result of the plan being considered DC.

And finally, unpredictable costs are eliminated, due to the fixed contribution nature of these plans.

Mr. Dan Clark: We also believe that the target benefit plans can be more effective for employees than DC plans. They allow the employees to pool some of the retirement risks—longevity, or the risk of outliving your money; mortality; or ensuring that your surviving spouse has an adequate pension—and they pool and share the investment risks.

Large pension plans have economy of scale with respect to investment and administrative fees. Fees for very large pension plans can be as low as 50 basis points. This is generally less than the fees for an individual's RRSPs.

The target benefit plan will allow the trustees to add DB ancillary benefits, such as disability benefits or subsidized early retirement benefits.

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In general, investment returns for large plans should be better than returns on an individual's RRSPs. There will be some years when an individual can have a very good return on his RRSP, but their challenge is to have those same returns for the next 40 years.

The main advantage of a target benefit plan for employees is that the employees would be part of the governance structure, and the trustees would have a fiduciary responsibility to the employees and not to the employers.

Where would the target benefit plan work best? In order to achieve the economies of scale, we believe the plans must be large. This doesn't mean that the employers need to be large since we see these plans being opened to small employers. We see the target benefit plans as an opportunity for professional or industry associations to provide a DB-style retirement plan for their membership. These associations could pay the start-up costs until the plan is large enough to be self-sufficient.

We also see this as an opportunity to increase pension coverage to the 60% of workers who currently have no coverage by opening the target benefit plan up to unrelated employers, big or small.

We're here today to suggest only one change to Bill 120. Currently, the bill adds a definition of a target benefit plan to section 39.2 of the PBA. The current definition of Bill 120 limits target benefit plans to the unionized environment. We would like to see the target benefit plan opened up to the non-union environment; there are no reasons not to. We propose that in the definition of "target benefit," the word "collective" be dropped. By simply deleting one word, Bill 120 can have a major impact by providing a framework for expanding pension coverage to the 60% of Ontario workers not currently covered by a pension plan.

But we recognize that the devil is in the details. Regulations will need to address governance and funding issues. In addition, regulations will need to address how an existing DB plan or DC plan could be converted to a target benefit plan. The challenge for the sponsors of these plans would be to educate their employees or members on how a target benefit plan works and their role in its governance, but we don't believe that any of these challenges are insurmountable.

We will be making a written submission to finance with solutions to these issues and challenges, and would be pleased to work alongside finance to make target benefit plans a reality.

With that, we're open to your comments and questions, and we would like to start by asking you a ques-

tion: Are there any issues that you would consider showstoppers to opening the target benefit plan to a non-union environment? Thank you.

The Chair (Mr. Pat Hoy): And thank you for that submission. If you do write in, send your comments to the clerk. She'll ensure that everybody on this committee gets a copy of it.

Mr. Dan Clark: We will.

The Chair (Mr. Pat Hoy): The questioning will go to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Ms. Rynne, Mr. Clark and associate—I'm sorry, I didn't get your name.

Mr. Michael Moriarity: Michael Moriarity.

Ms. Leeanna Pendergast: Michael, welcome. Thank you for being here as well.

Just two quick questions, if you don't mind. Thank you for the slides. In all my time on the committee, we've never used the TVs or the slides, so thank you for that. As an English teacher, I love that kind of thing. It caught my attention.

On slide 2, when you're talking about TBPs, you mention that most multi-employer pension plans are TBPs. So I wanted to ask a question to get your feedback on multi-employer pension plans. Do you have any specific feedback on the rules that we've set up specifically in regard to multi-employer pension plans?

Mr. Dan Clark: I think the main thing Bill 120 does is make the solvency relief permanent. I think that's a great thing that Bill 120 does.

Ms. Leeanna Pendergast: Any other feedback in terms of the multi-employer pension?

Mr. Dan Clark: Other than that, that's what we were looking for for multi-employers, and I think we got it. I think you got it right.

Ms. Leeanna Pendergast: Excellent. See the communication? Did we get it right? Thank you.

I did take note, also, of your comment on the TBPs; I've written that down.

I do have another comment, though, and it's about balance. This is a complicated issue, as you well know and clearly understand. I'm wondering if you think that the current reforms to Ontario's pension system strike the right balance between all stakeholders.

Mr. Dan Clark: They attempt to. Time will have to tell whether it is the right balance. It's probably too early to say it is or it isn't. I've listened to your presenters, and I've read some of their comments from last week. I think we just have to wait and see if it is the right balance.

Ms. Cindy Rynne: In talking to some of our clients and walking them through the changes that are coming and helping them to understand, I think the employers feel that they did not get the right balance. There's obviously a lot of good stuff in there to strengthen the pensions, the security of the pensions, the disclosure to members and a lot of good stuff for members. I think that ties in to a previous speaker's comments that it unfortunately adds costs, and the employers are the ones having to

pay the cost for all that additional complexity and disclosure that needs to be done.

That's just some examples, but I do think that employers generally feel that they got a bit of the short end of the stick in that. This is why we're coming forward with an alternative, the target benefit plan that, I think, does strike a good balance between employers and employees because it really does capture the best components of the DB plan, which the members want, and the DC plans that the employers want. We do have some challenges to get through to make them work and open them up to more than just the current multi-employer plans, but we really do see a lot of promise. I think our clients will as well, and the employers in the industry.

Ms. Leeanna Pendergast: Thank you. So members, yes; employers, costs?

Ms. Cindy Rynne: Yeah.

Ms. Leeanna Pendergast: Fair enough. Okay, thank you very much.

Ms. Cindy Rynne: Thank you.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

CUPE ONTARIO

The Chair (Mr. Pat Hoy): Now I call on CUPE Ontario to come forward, please. Good afternoon, you have 10 minutes for your presentation. There could be up to five minutes of questioning. I ask you to identify yourselves for our recording.

Mr. Fred Hahn: Hi there, my name is Fred Hahn. I'm the president of CUPE Ontario. With me today is Chris Watson, who's our legislative liaison.

Many of you will know that CUPE represents more than 230,000 workers in Ontario in hospitals, municipalities, long-term-care facilities, utilities and social service agencies. As members of dozens of different pension plans in the province, our members have substantial first-hand experience and knowledge in terms of being able to contribute to the debate about pensions. Specifically, we want to thank you for this opportunity to respond to Bill 120.

We want to start by saying clearly and plainly that not enough people in the province of Ontario have access to pensions. Not enough workers are in a pension plan that will provide secure retirement income for them. We also want to start by saying, before we get to the substance of the bill, that there are those out there calling for some new directions in pensions in Ontario, specifically arguing a move away from defined benefit pension plans to defined contribution plans.

Part of that argument relies on this perception that public sector pension plans are super-rich and gold-plated. That perception is simply inaccurate. Our retirees belonging to OMERS, Ontario's municipal employees retirement system, Ontario's largest single pension plan, on average, receive pension benefits that pay out \$16,000 a year, sometimes substantially less; that's an average. The current level of pension benefits paid out to retirees

at the University of Guelph, where we have a number of members, is just \$9,078 per year, or \$756.50 a month. No reasonable observer would ever imagine that such levels are gold-plated. We should be clear about the reality in which we're functioning. Pension benefits are actually quite basic. They need to be secured and improved, not reduced.

Our written submission, which you have before you, deals with five key areas. I want to focus my remarks today on two of them, those being the government's temporary solvency relief measures and contribution holidays to pension plans.

On October 24 of this year, the government announced temporary solvency funding relief for certain pension plans in the broader public sector. The problem with that initiative is that the new relief measures that were offered to enhance solvency relief made some conditions available to employers, namely slashing pension benefits, dumping employers' pension costs over to plan members and even encouraging members to convert to their defined benefit pension plans for future service into defined contribution plans.

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That last element is particularly disturbing to us. It goes back to this sense that pension plans are unsustainable, which is simply not true. We strenuously object to that proposal. We want to urge that certain overarching structural components of solvency relief could and should in fact be in legislation. Specifically, we recommend that the announcements of temporary solvency relief from this summer need to be revised and then set out in legislation in such a way that there are longer amortization schedules being permitted for plan members, but that those longer schedules be done with the demonstrated consent of plan members, with no cuts to those plans. Such provisions would be just a slight variation on the existing 2009 temporary measures for solvency relief, which have already demonstrated huge success, both from employers and from trade unions.

On contribution holidays, it's important to note that there's significant evidence available that the primary explanation for today's pension funding problems is not just due to the market. It is also due to the practice of employers failing to contribute the full employer normal cost to the plan that was recommended by the pension plan's actuary in the first place.

After more than a decade of contribution holidays eroding the funding base of so many plans, it strikes us as particularly unfair to focus on the members of the plans, the vast majority of whom—who, by the way, have continued to make their contributions—would have to be then responsible for somehow paying the price for this outcome, either in benefit cuts, member rate increases or a loss to their secured defined benefit plan.

CUPE welcomes the government's commitment to preventing contribution holidays within plans that are funded at a solvency level of 105% or less, but we believe that Bill 120 could have been used as an opportunity—in fact, we would request that it be used as an

opportunity—to actually close the book once and for all on contribution holidays.

That being said, we would urge the government to follow the OECF final report's recommendations to have strong and effective disclosure requirements, if in fact employers are going to engage in contribution holidays. Our experience has been, as I said, that many of the problems of serious underfunding in workplace defined benefit pension plans have either been a direct result of or dramatically worsened by employers taking contribution holidays.

Again, at the University of Guelph, to use this as an example, they had a surplus of tens of millions of dollars that, over the last 15 years, they have used up through taking contribution holidays; and that has severely damaged the plan's funding integrity. These practices have only made the impact of the financial crisis in 2008 worse.

We expect employers to pay the price that they are obligated to pay to pension plans. We think that it is unfair to simply give the benefit only to employers in terms of allowing them to take pension contribution holidays. Pension funds are essentially the deferred wages of workers, and when there are surpluses in those funds, those surpluses represent the wages of those workers.

Most outrageously, too many employers have been using these surpluses to practise things that actually hurt plan members. The final report of the expert commission even recognized this when it observed that, "Quite apart from whether or when contribution holidays are appropriate, the fact that they are going to be taken should be transparent. Information about contribution holidays is essential for an understanding of plan funding, both for the regulator and for all plan participants, and should be ... fully accessible to them."

We're encouraged to note that the ministry's August 24 technical backgrounder promised such rules, but disclosure must be detailed and the obligations should include reporting on the extent, duration and impacts of any planned contribution holiday; and it should be fully and clearly, in plain language, reported to plan members in their annual statement.

Bill 120 doesn't deal with such disclosure rules, but we would take the opportunity to argue quite forcefully that it should. In our view, these disclosure rules are so important that they should be primarily entrenched within the Pension Benefits Act.

Just in closing, again I would direct you to our full submission. It talks about a number of different issues.

We'd welcome any questions from any members of the committee. Thank you.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to the official opposition, Mr. Miller.

Mr. Norm Miller: There are two Mr. Millers here. My cousin over here—

Mr. Fred Hahn: How are you?

Mr. Norm Miller: Thank you for your presentation today. I guess you started out by talking about regulations and concerns that it's more or less framework

legislation and that a lot of the details are in regulations. I guess I would ask, do you typically get input in that regulation process and do you get to see the regulations before they're finalized?

Mr. Fred Hahn: That hasn't been our experience so far, no.

Mr. Norm Miller: Obviously, being a major stakeholder, if I can call you that, that would be something that you would want to be involved with?

Mr. Fred Hahn: We think it would make absolute sense for us to have access to discussion on the regulations, yes.

Mr. Norm Miller: OMERS is the administrator of your pension plan. Are you happy with the job that they're doing in administering your—

Mr. Fred Hahn: A vast number of our members—in fact, the majority of our members covered by pension plans—are in OMERS, but we actually have members in HOOPP, in the nursing homes and related industries plan, in the multi-sector pension plan and in dozens of independent, stand-alone plans like in the university sector, for example. The administration of those plans, where they're jointly administered, we're quite happy with.

Mr. Norm Miller: Do all of your members have a pension plan?

Mr. Fred Hahn: No. There are literally hundreds of our members who don't have access to pension plans, either because their employers are unable to join pension plans based on the rules of those plans or because the rules of the plans make it impossible for them, based on the number of hours that they work, their job classifications etc. to join the pension plan.

Mr. Norm Miller: So what do those folks do? They're like the 65% or 70%? They just have RRSPs and their own—

Mr. Fred Hahn: Some of those folks have negotiated RRSP plans with their employers. Some of them have stand-alone, individual pension plans that are called pension plans but are really functioning like an RRSP. We have been part of developing a plan, the multi-sector pension plan, which allows employers and workers—it's a jointly sponsored plan that allows a number of people to have access to a pension plan.

Mr. Norm Miller: Of your members that have pension plans, are they all defined benefit plans or are some of them defined contribution plans? We've been hearing talk about that, and the last presentation was about these target benefit plans. Are all of yours defined benefit?

Mr. Fred Hahn: OMERS is a defined benefit plan, as is the HOOPP plan. The multi-sector pension plan is actually a target benefit plan. I think that the nursing homes and related industries plan may be one as well. Some of the stand-alone pension plans are a mix. There are some small number that are in defined contribution plans.

Mr. Norm Miller: You talked about contribution holidays, and certainly it would be my perspective that it's not normally a problem to have too much money in a

pension plan, at least from the perspective of the people who are going to depend on receiving a pension. I believe that in this bill the figure for solvency that you have to meet, the target, is 105% before there can be a contribution holiday. Do you think that is a sufficiently high solvency target?

Mr. Fred Hahn: The solvency target is one issue. The question is what happens with the surplus, right? A plan being funded at 105% based on its actual assessment at the time sounds fine to us. The question becomes, what happens with the surplus? All too often, surpluses are used in a way that is thought of in short-term terms, right? Fifteen years ago, in a plan that had a significant surplus, people thought, "Hey, it's all good," and here we are today, managing with plans that are in some cases in quite a lot of trouble as a result of contribution holidays.

Mr. Norm Miller: That was your University of Guelph example you gave, then? Fifteen years ago, they had big surpluses, so they took a contribution holiday and now they're in trouble.

Mr. Fred Hahn: The employer was allowed to do that without consultation with anyone, without disclosure to anyone. They were just allowed to do that, based on the structure of their plan and the regulations in the Pension Benefits Act. We're saying that that shouldn't be something that's allowed.

Mr. Norm Miller: So your ask on that is "strong and effective disclosure requirements." Have you got specifics in mind to do with these strong and effective disclosure requirements?

Mr. Fred Hahn: Actually, the Arthurs report talks about how that might happen. From our perspective, if there are going to be contribution holidays, there should be strong, effective, clear-language disclosure that looks not only at the duration but also the impact of that contribution holiday. But our first position is that contribution holidays ought not to be allowed unless plan members and the unions who represent people, if they're in unions, would agree to them.

Mr. Norm Miller: Thank you.

The Chair (Mr. Pat Hoy): Thank you for your submission.

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CAAT PENSION PLAN

The Chair (Mr. Pat Hoy): Now I call on CAAT Pension Plan to come forward, please. Good afternoon. You have 10 minutes to present before the committee, and there could be up to five minutes of questioning. If you'd just identify yourself, please, then you can begin.

Mr. Derek Dobson: Absolutely. My name is Derek Dobson and I'm here today acting in the capacity of CEO and plan manager of the pension plan for the college system in Ontario, also known as the CAAT Pension Plan.

First of all, thank you for the opportunity to be here. Being brief for me will be very challenging because I have a great passion for pensions and also for Ontario. I

have provided a summary of our thoughts in the submission before you and my comments will provide a high-level overview of why I'm here.

On the points you agree with, I'm representing the pension plan; on the points you don't, those are probably my personal views.

In my view, all pension plans' primary purpose is to deliver retirement income, ideally at the lowest cost and risk possible. Even though the goal is common to most pension plans, there are differences which need to be reflected in the legislation and supporting regulation.

Fundamentally, I believe that secure pension plans are good for Ontario. They not only provide pension income to participants, but also provide a future tax base when health care costs are expected to rise with demographic changes. They focus on long-term investing, including investing in Ontario's infrastructure. They reduce the incidence of pensioner poverty and the associated costs to government programs, and they help increase financial literacy. Surprisingly, pension plan participants have a more positive outlook on the economy, which is important for our future economic growth.

Although the goals of pension plans may be similar, I'm very pleased that pension legislation changes in Ontario recognize that pension plans are different, based primarily on two factors: The first one is governance structures or representation, and the second is risk-sharing. None of my comments would have any meaning without recognizing that some pension plans are, in fact, different.

The CAAT Pension Plan is a plan that has a joint governance structure with joint risk-sharing, also known as a jointly sponsored pension plan, or JSPP. Our primary goal is to deliver the pension promise to over 30,000 members who serve the community college system in Ontario, represented by 24 colleges and four other participating employers. We currently have over \$5 billion in assets to secure those pension promises.

Even with 30,000 members and \$5 billion in assets, we are the smallest of the JSPPs. Together, JSPPs are focused on securing the future of approximately 1.1 million Ontarians, with approximately \$200 billion in assets.

The changes proposed in Bill 120 align with the focus of our pension plan in five points: long-term sustainability; appropriate contributions for benefits being earned; minimizing contribution rate volatility; dealing with intergenerational equity, in that today's contributors do not over or underpay relative to other populations or generations; and finally, open communication and disclosure.

The challenges to our pension plan are numerous. Dealing with the impact of the 2008 market loss, recognizing that our members are living longer and managing our investments in a low-interest-rate environment that has not been seen in 50 years. Together, these issues are difficult and must be prudently addressed, and they will be, but none of them threaten the sustainability of the pension plan. What does threaten the sustainability of the

pension plan is solvency funding. Hence, the main focus of our submission is on solvency funding.

Of the 142 recommendations made by the Ontario Expert Commission on Pensions, this, by far, is the most important in delivering on our commitments on a cost-effective basis.

The issues of market volatility, longevity and low interest rates are significant changes in tides that need to be addressed. Solvency issues are akin to a tsunami; they are very unpredictable and could be devastating to a jointly sponsored pension plan.

We need relief effective January 1, 2011, so we hope that you pick an effective date with that in mind.

I can commit to you that all CAAT stakeholders agree on this issue; all the colleges, OPSEU, OCASA and Colleges Ontario are all aligned. I hope you appreciate that this does not happen on all issues.

All of these groups have committed their support in writing. All colleges have sent letters of support. No advocacy issue has seen this level of response in the college system. I expect some of you have personally received support from your local colleges on this issue.

It is not just those who directly govern our pension plan and college presidents; the support extends to our members. Our publications and presentations to members, both active and retired, outline this issue and have generated overwhelming support. Our communications to our members have been frank on this and other funding issues.

Bill 120 has our complete support in recognizing that jointly sponsored pension plans should have their differences recognized, most notably with the requirement to remove the funding solvency deficiencies. The college community's focus should remain on delivering quality education to meet the needs of Ontario, and not on pension funding challenges created by an inappropriate measure.

On a few more minor points on Bill 120, it would be consistent, in our view, to consider the following: the frequency of valuations, currently at three years, should be based on our going concern funding position. A healthy pension plan measured on this basis should not have the frequency of the valuations determined on the solvency basis, which is being recommended to be removed.

When members terminate their membership in the plan, they should not be entitled to remove more than their fair share of assets. Current termination values are based on a quasi-solvency basis. A better method is outlined in our submission.

Again, in summary, the changes proposed in Bill 120 align with the focus of our pension plan: long-term sustainability, appropriate contributions for benefits being earned, minimizing contribution rate volatility, intergenerational equity, open communications and disclosure.

Thank you for the opportunity to share our views. I hope that you have the opportunity to review our complete submission, and I would be happy to respond to any questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to Mr. Miller of the NDP.

Mr. Paul Miller: Good afternoon. Thank you for your submission.

Solvency is a problem in a lot of pension plans, as you know. What percentage is yours at right now? Do you have any idea?

Mr. Derek Dobson: In terms of the size of the deficit, it is more than 25% of our liability.

Mr. Paul Miller: So you're around 75% funded?

Mr. Derek Dobson: Interest rates change every day, but—

Mr. Paul Miller: Sure, so roughly?

Mr. Derek Dobson: Yes. In that magnitude.

Mr. Paul Miller: How do you hope to fund the deficiency? Because in Bill 120, there isn't any commitment from the government for increased money towards these plans. How are you going to fund your solvency deficiency?

Mr. Derek Dobson: If Bill 120 isn't passed, this would be very problematic, and the sponsors would have to come back to the table and decide. There are not any tools for them to deal with it because solvency is a point-in-time measure. So you can't reduce benefits; we're not legally allowed to, and contribution increases, on the current basis, would increase contributions by more than 50%.

Mr. Paul Miller: I've read the bill and there's a lot in there about administrative changes, windup procedures and things like that, but there's absolutely nothing about money to fund the deficiency. My concern is, where do the colleges expect to get the money from—the government?—to bring it up to 100% funding or 105%?

And how do you feel about holidays on funds, which has got us into some of the problems we're in now? What do you feel about that?

Mr. Derek Dobson: On the first issue, on a going concern basis, which is proposed in the bill, we think we can manage. We've had many discussions with all of our sponsors and we believe that, with a small contribution increase, we can manage through the 2008 deficit. So, on solvency, it's a completely different issue.

Mr. Paul Miller: Who are your sponsors?

Mr. Derek Dobson: Colleges Ontario, OPSEU and OCASA, which is an administrative and representation body as well.

Mr. Paul Miller: Okay, and the second part of the question?

Mr. Derek Dobson: You're going to have to give me a quick reminder.

Mr. Paul Miller: I forgot, too; that makes two of us.

Oh yes, it was the funding on the deficiency and how we are going to do that, and—you got me. I lost it, too.

Anyways, jointly sponsored pension plans: There were concerns about some that may wind up. Who is going to make up for—for instance, if one of your groups had a windup, how do you think that's going to affect the overall plan, and what do you see for a remedy for that position?

Mr. Derek Dobson: The windup of a college is a remote possibility, and our governance documents describe what happens there. It would be working with the bankruptcy person in charge of winding down that college, but since it's such a remote possibility, there's not a lot of description on what would happen in that situation.

Mr. Paul Miller: I hope you're correct because it certainly would be devastating. I do recall too-big-to-fail GM, Stelco—with these things, too, you never know, do you, really? That's interesting. Thank you.

The Chair (Mr. Pat Hoy): Thank you for the submission.

ONTARIO PUBLIC SERVICE EMPLOYEES UNION

The Chair (Mr. Pat Hoy): Now I call on the Ontario Public Service Employees Union to come forward, please.

Good afternoon. You have 10 minutes for your presentation. If you'd identify yourselves for our recording, you can begin.

Mr. Ron Langer: I want to thank you for giving us the opportunity to speak to you today. My name is Ron Langer and I am a member of the central employee/employer relations committee for the Ontario Public Service Employees Union. I have served in numerous other capacities with the union, including the board of trustees for OPSEU Pension Trust. However, I am here representing OPSEU and not specifically OPSEU Pension Trust.

With me is Shirley McVittie. She is a pension and benefits officer with OPSEU.

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We have prepared a written submission on Bill 120, An Act to amend the Pension Benefits Act. On behalf of the OPSEU membership, I would like to make the following points, that are illustrated in our brief.

OPSEU is a joint sponsor on three of the larger plans in Ontario: the hospitals of Ontario pension plan, HOOPP; OPSEU Pension Trust, and the Colleges of Applied Arts and Technology Pension Plan. We act as a sponsor on the sponsors corporation of OMERS and are a joint sponsor on the Canadian Blood Services pension plan as well.

But we also have a large number of members whose retirement security is far less secure. We have members in the broader public sector who are members of small, defined benefit or defined contribution plans. We also have approximately 15,000 members with no workplace pension.

Our first point is about our existing retirement security system in Ontario. We note that neither of the recommendations made in the Arthurs report with respect to creating the Ontario pension agency for workers with deferred or stranded pensions, or the new public pension champion agency to work with stakeholders and facilitate policy development, have been adopted.

We have seen a growth in part-time, casual jobs, and pension coverage for this increasing casualized workforce is almost non-existent. OPSEU represents many members in the developmental services sector, for example, where pension coverage is very limited or nil. And many part-time workers are discouraged from joining the pension plan, even when there is one. Manitoba has had legislation providing pension access to all workers for some time. We call on Ontario to do the same.

OPSEU welcomes the funding rules for jointly sponsored pension plans and the recognition that joint governance is an essential part of risk management in funding policy.

Pension plan surpluses represent the deferred wages of the workers who contribute to these plans. In plans that are not jointly governed, we believe the bill should include a requirement for membership approval for any contribution holidays. Bill 120 gives employers easier access to plan surpluses without a corresponding requirement by which members and pensioners can seek an order for exclusive surplus distribution. The absence of such a provision is contrary to the recommendation of the Arthurs commission and is neither balanced nor fair.

OPSEU is a member of the coalition of university unions, formed to improve the university pension system. We are concerned that the solvency relief measures that required the consent of plan members appear to have been replaced with a proposal for approving solvency relief that includes cost-cutting measures. This is a serious infringement of collective bargaining rights.

We know how devastating the loss of one's retirement security can be to workers whose employer has become bankrupt, and we support the call for higher limits for the pension benefits guarantee fund for plans that are not jointly sponsored.

Government restructuring and divestments have meant the transfer to new employers for thousands of OPSEU members and led to the loss of retirement income as these members' pension plans change. We believe a fundamental principle of pension transfers is to preserve and protect, rather than lose benefit security when members are transferred involuntarily from one workplace to another.

OPSEU members who are divested must be able to continue their membership in their originating plan for future service or to transfer with all the pension rights to the new pension plan, if they choose to do so. We are glad to see that the right to transfer to the new plan is in Bill 120, but there is no corresponding right for members in this situation to retain their rights in their original plan.

OPSEU is very concerned about the proposal to permit the financial industry to provide new retirement products to Ontarians. We know that high management fees are a major barrier to retirement security and the accumulation of funds. Our large defined benefit plans have the advantage of economies of scale.

We urge the government to ensure that the financial industry does not accrue windfall profits at the expense of the savings of working people. The Pension Benefits

Act should have clear standards for plan design to minimize high fees and the lack of transparency and to maximize plans with economies of scale and democratic governance.

That's my report.

The Chair (Mr. Pat Hoy): Thank you very much. The questioning will go to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Chair. Thank you, Mr. Langer and Ms. McVittie, for being with us today and sharing your presentation.

Mr. Langer, I see that you have quite a history, very impressive, actually, of over 20 years in the private and public sector in business and finance. You are exactly the person I'd like to ask, if you could share your perspective and your insights with us, why you think that pension reform attempts in the past have failed in this province. Big question, eh? Over 20 years—you can do it. As you know, other governments have tried pension reform and we're still here where we are today, and so Bill 120 is so important for pension reform in the province. Why do you think it hasn't worked in the past?

Ms. Shirley McVittie: I would say that I think a lot of the impetus for change right now has come up because of the insolvency of a lot of pension plans and it's a lot more at the forefront of everybody's minds.

Ms. Leeanna Pendergast: It's a tough question, isn't it? I think it's one that we're all asking ourselves. If you think of the last 20 years and all of the attempts that have been made to reform pensions, it's a difficult, complex issue. Yet here we sit today, listening to the best advice, because this government knows that it must be done.

On that note, I wanted to talk about the CPP just briefly. As you know, in June of this past summer, 2010, Minister Duncan, our Minister of Finance, attended the finance ministers' conference in Prince Edward Island. He continued to push for a multi-pronged approach to pension reform, including a modest expansion of the CPP, which would be fully funded and phased-in.

I guess my question is, what do you think about our government's attempt at reforming the CPP?

Mr. Ron Langer: Well, we're certainly in favour of an expansion of CPP benefits.

Ms. Shirley McVittie: We're actually preparing a submission on that paper, as well.

Ms. Leeanna Pendergast: Okay, excellent. Thank you.

Just a third question about the PBGF: What do you think about increasing employer premiums under the PBGF?

Ms. Shirley McVittie: I understand employers don't want to increase the premiums, but the risk to the workers is tremendous, and obviously the limits that are in place right now are too low.

Ms. Leeanna Pendergast: We heard earlier depositions saying that employers are finding that the problem is the cost. The government is looking at striking that fine balance between the employee and the employer, and I think that's an excellent comment.

Thank you very much. I won't ask you any more "How do you solve the problems of the economy in Ontario?" questions.

The Chair (Mr. Pat Hoy): Thank you for your submission.

For the committee, our next presenter, the Ontario Federation of Labour, has cancelled, but there should be a brief at your desk for them.

Is the United Steelworkers union, national office, present? No.

1350

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS

The Chair (Mr. Pat Hoy): The International Association of Machinists and Aerospace Workers: Good afternoon. You have 10 minutes for your presentation. If you would state your name for our recording Hansard, you can begin.

Mr. Louis Erlichman: My name is Louis Erlichman. I'm the Canadian research director of the International Association of Machinists and Aerospace Workers.

We are a union representing about half a million workers in North America; there's about 10,000 of them in Ontario. Our members work in a broad range of industries: airlines, aerospace and various manufacturing and service sectors.

Most of our members in Ontario belong to single-employer workplace pension plans in both the Ontario and the federal jurisdiction. The IAM also sponsors a jointly trustee, multi-employer pension plan registered in Ontario, which includes members in other jurisdictions.

Bill 120 is part of an ongoing process of several years' duration to update and amend pension legislation in this province and therefore needs to be viewed in the context of earlier legislative changes and announcements, in particular, the recommendations of the expert commission, which issued its report almost two years ago.

In addition, much of the substantive content of Bill 120, particularly in the area of pension fund rules, is in fact omitted from the bill, apparently to be issued later in regulations or policy statements. This not only makes it more difficult to respond to the bill at this point, but it also means that these elements will not be subject to legislative scrutiny when they are brought forward, which is problematic for us.

In terms of the substance of Bill 120, it's a major disappointment that the government is not following the recommendation of the expert commission to increase the maximum coverage level of the pension benefits guarantee fund from \$1,000 to \$2,500, which simply would compensate for the effects of inflation over the last 25 years. In fact, Bill 120 reduces PBGF coverage by exempting improvements made in the last five years, compared to the current three years.

The PBGF actuarial study commissioned by the government indicated that a further 45% increase over the

premium increase which is being proposed would fund this long-overdue improvement to the maximum coverage level.

Bill 120 was preceded by the government's August 24 press release, which outlined a mixed bag of changes to the pension funding regime, most of which are not explicitly in the bill and will presumably be included in the regulations. These announced changes included a variety of limits on actuarial practice with respect to smoothing and excluding benefits, all of which would have the effect of tightening up our funding rules.

There's also been a tightening of funding requirements for benefit improvements, including eight-year funding of benefit improvements and a lump-sum payment, and five-year amortization where funding ratios are below 85%.

Without seeing the regulations, it's difficult to make a fair judgment on whether the new rules overall do a fair job of balancing prudence and flexibility.

Bill 120 provides for a 5% surplus cushion before contribution holidays are allowed, and a requirement for disclosure to plan members and beneficiaries and annual eligibility statements to the regulator. In light of recent history, we believe there should also be a requirement for membership approval for any contribution holidays.

While measures to strengthen defined benefit promises are welcome, we're concerned that Bill 120 will give employers easier access to plan surpluses, particularly from ongoing plans, where the level of required membership approval is being reduced from 100% to 66%.

We're also concerned that, in the name of clarifying surplus entitlement, the proposed changes to the surplus regime will undermine the current workable system for surplus sharing and make it easier for employers to take pension surplus without dealing with plan members at all.

While a system for binding arbitration on the division of pension surpluses on plan windup is welcome, a fairer and simpler system would be to require that all surplus distribution be subject to a negotiated sharing agreement between employers, members and other beneficiaries, with access to final binding arbitration where no deal can be struck.

As the sponsor of a jointly trustee, Ontario-registered, multi-employer pension plan, we are pleased that the legislation recognizes some of the special circumstances of multi-employer target benefit plans, and we await more information on the regulatory changes to come.

We are, however, concerned about a couple of provisions of Bill 120 relating to MEPPs. First, section 39.2 seems to require that all employer contributions to target benefit plans be fixed by collective agreements. While this is generally a sensible rule, many MEPPs, including ours, allow a small number of non-unionized members to participate in the plan under limited circumstances. Perhaps the bill could be amended to allow a small proportion—up to, say, 10% of total membership—in a target benefit plan to make contributions under an agreement other than a collective agreement.

Second, the bill apparently offers relief from solvency funding for MEPPs, but only in cases where all members are in jurisdictions which allow this relief. This effectively denies relief to any Ontario-registered MEPP with members in any other jurisdiction, with serious implications for the funding requirements of such plans. In the light of the new CAPSA multi-jurisdictional agreement, it should be possible to remove the requirement for solvency funding for Ontario-registered MEPPs, including those with members in other jurisdictions.

The August 24 press release referred to “enhanced disclosure” requirements for target benefit plans. While we will have to wait for the regulations to see what those disclosure requirements will be, we're concerned that no similar requirements exist for defined contribution pension plans, which are typically the retirement income alternative to MEPPs for small and medium-sized groups of employees.

We urge the government to introduce strict requirements for the disclosure of fees, returns and risks to members of defined contribution pension plans, particularly since individual members carry all of the risks in those plans. We'd also urge the government to push the federal government to require similar disclosure for registered retirement savings plans. This is particularly important in the light of recent proposals to mandate broader DC coverage under the auspices of the financial services industry.

We'd like to thank the committee again for the opportunity to appear, and we look forward to commenting on the regulations when they are put forward; this on behalf of the Canadian vice-president, Dave Ritchie.

The Chair (Mr. Pat Hoy): Thank you. We'll move to the official opposition for questioning, Mr. Barrett.

Mr. Toby Barrett: Thank you, Mr. Erlichman, for presenting on behalf of the machinists. You indicate that you're representing over 10,000 machinists and related workers in the province of Ontario. I have a brief question; then I'll go to Mr. Miller.

You mentioned—lamented—the fact that a lot isn't in here, so you can't comment on it and assume that it will be in regulation or in other policy statements or policy directives down the road. Just to maybe recap, what are the most important issues you would like to see covered in regulation, and how would you like to see them covered in regulation? What are the big ones that are missing?

Mr. Louis Erlichman: Obviously, the most important issue we talked about is the improvement in the pension benefits guarantee fund coverage level. That's obvious; we already talked about that—

Mr. Toby Barrett: Which you mentioned, yeah, the \$2,500.

Mr. Louis Erlichman: —in the legislation. Frankly, in terms of some of the guts of these proposals, there's a balance. If you go back to the expert commission report—the title was, I believe, A Fine Balance. We've taken the position, and we continue to take the position, that there are trade-offs to be made in funding. The more

money you require to be put into a pension plan, the more expensive they become and the more difficult they are to sustain. The less money you put in, the more risky they are for the members. Part of the issue is trying to make sure that there's a kind of balance, that on the one hand you're not making plans less sustainable because you can't afford to put in improvements and so on, and that on the other hand you're not making them more risky. It's kind of hard to pick out a single slice of the package, because it's kind of the whole package that you have to assess.

Mr. Toby Barrett: Okay. Mr. Miller has a question.

Mr. Norm Miller: One of your recommendations was—you mentioned that you have workers who are non-union workers. Most of your workers are union workers, but some are non-union.

Mr. Louis Erlichman: In our multi-employer pension plan, there may be circumstances where you have a bargaining unit, say, and some of the people who are in the office are excluded from the union but there may be an agreement to say we're going to include them in the pension plan, with fairly specific, restricted conditions. We think that shouldn't disqualify this plan from being a target benefit plan.

Mr. Norm Miller: I know there was one presenter earlier in the day who recommended that the terminology change. The definition of target benefit plans says, "A pension plan provides target benefits if two criteria are satisfied: first, the employer's obligation to contribute to the pension fund is limited to a fixed amount set out in one or more collective agreements...." They suggested dropping the "collective" and just having it say "in one or more agreements" and it continues on.

Mr. Louis Erlichman: I think that's going too far. I think the argument for tying a target benefit plan to a collective agreement is that in that situation the members of the plan have some kind of say; they've negotiated the agreement. In a situation where you take that away, where they're in a non-unionized environment, the members are not in a position to negotiate that agreement.

1400

There are decisions to be made in a target benefit, right? If there's not enough money in the plan, do you reduce benefits? Do you increase contributions? And so on. If the members don't have a say in that, then I've got problems with opening up. Target benefit plans have the ability to do things, like reduce accrued benefit, that other plans don't, and I'm very concerned about extending that—

Mr. Norm Miller: How do you open up the target benefit plans for the non-union members of—

Mr. Louis Erlichman: What I suggested was that you put in a provision saying up to 10% as sort of a limited proportion. You could get fancier regulations in terms of who could be—but I think you could do on a—

Mr. Norm Miller: I'm getting the impression there are a few different pension plans that your members have, if you're interested in defined benefit. Do you have defined contribution?

Mr. Louis Erlichman: They're in defined benefit, defined contribution, single-employer, multi-employer; some of them have no pension plan at all. They're all over the map.

Mr. Norm Miller: Okay, so you're asking for enhanced disclosure for defined contribution plans?

Mr. Louis Erlichman: It's kind of funny. The federal task force on financial literacy that they set up put out a paper earlier in the year, and the co-chairs—the head of Sun Life and the CEO of BMO Nesbitt Burns—didn't mention pension fund fees. It's kind of shocking: They talk about financial literacy and there's no mention of pension fund fees. I don't think those people have got a really strong interest in expanding financial literacy that puts them under the microscope. I think that's why we have to move into some kind of regulation that says, okay, explain to people what the risks are in a DC plan—and it really should be for RRSPs as well—and what the effect of having a 1%, a 2% or a 0.5% fee is, and all that kind of stuff. Frankly, unless you do this stuff all the time, you don't understand it.

Mr. Norm Miller: I would agree with you on that. Thank you for your comments.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

UNITED STEELWORKERS, NATIONAL OFFICE

The Chair (Mr. Pat Hoy): Now we will hear from the United Steelworkers union, national office.

Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning. Identify yourself and you can begin.

Mr. Charles Campbell: My name is Charles Campbell. I'm head of the research department at the Steelworkers' Canadian national office. I'm appearing here today on behalf of Wayne Fraser, the union's director for Ontario and Atlantic Canada. It's a special honour to be the concluding witness in your hearings.

The Steelworkers union represents over 200,000 workers across Canada in virtually every sector. Our membership includes not only people in steel mills, mines and smelters, but also workers in universities, light manufacturing, retail, banking, health care, private security, and two members of the Ontario provincial Parliament.

The workers our union represents include members of other provincially and federally regulated pension plans, but most of our members do participate in pension plans that are registered here in Ontario.

We're pleased to have this opportunity to present our views to the standing committee. In addition, as an affiliate of the Ontario Federation of Labour, we participated in the presentation of the federation's detailed submission; I gather they were unable to present here in person, but they have prepared their brief. We endorse all the recommendations in the OFL brief and intend to use our limited time here at the committee to focus on a few

key issues, rather than try to rush rapidly through the whole thing.

It's important to address Bill 120 in its proper context. It's part of a much wider effort, at the provincial and federal levels, to address a significant range of concerns about financial security for Canadians who are now retired or will be retiring in the coming decades.

The Ontario Expert Commission on Pensions, reporting in 2008, made a carefully considered and balanced set of recommendations. Some of those recommendations have already been moved on and some of them are put forward in Bill 120, but others that really should have been included by this point are not part of this legislation. I'm going to comment briefly on that as well.

Separately, the provincial and federal governments are considering a significant expansion of Canada pension plan benefits, as advocated by the Canadian Labour Congress, our unions and many others. We believe this expansion could be the most valuable initiative for improved retirement security our country has seen in many years.

Bill 120 also is not the only arena in which the Ontario government has addressed or will be addressing pension regulation. An area of particular concern to our union is the announcement in August that the government is planning regulatory changes relating to solvency funding of university pension plans. When that announcement was first made, we weren't necessarily alarmed, because the case for solvency funding relief in the sector is quite strong. But unfortunately, in a later technical briefing and on other occasions, it became clear that the government is considering criteria for this relief that would be completely unacceptable. In effect, university faculty and staff would be required to accept benefit reductions, cuts in take-home pay or conversion to a defined contribution plan if their institution is to qualify.

If this was a trial balloon, it deserves to be punctured without delay. Director Fraser has written to Minister Duncan, making clear the union's unwillingness to capitulate to these conditions. This is not an issue the committee will be dealing with directly in Bill 120, but we thought it important to bring the matter to your attention.

Turning to the provisions of Bill 120 relating to target benefit multi-employer plans, we are generally supportive of this policy, with some concerns. As it happens, I just listened to Mr. Erlichman from the Machinists, who outlined much the same concerns. We have basically the same position as he does, so I can probably save some time, and you have our written portion here.

A point I'm not sure he made that is in our brief and that you can pay attention to has to do with the provisions that would extend permanent relief only to plans, all of whose members are in Ontario. The Steelworkers members' pension plan has the vast majority of its members in Ontario, but does have some either resident in Ontario in federal jurisdiction or resident in Alberta. If this is enacted as drafted, it leaves us with two really pretty bad options. One is to leave the plan as it is and not be

eligible for the provisions, and the other is to split it in two in ways where at least one of the two is not likely to be sustainable.

Moving on to funding, we support the recommendation from the Ontario expert commission for creating different funding regimes for single-employer plans, multi-employer plans and jointly sponsored plans.

For single-employer plans, it's worth taking note of the many plans whose employers saved large sums of money by taking contribution holidays and are now faced with major funding challenges from a combination of bad investment choices and historically low interest rates. This is the case in a couple of our large and significant local unions.

If the provisions of the federal income tax make it impractical to completely abolish contribution holidays, which it appears that they do, at the very least Ontario law should provide for extensive disclosure to plan members of the extent, duration and impact of any holidays.

Bill 120 also proposes to require rapid, and, in some cases immediate, funding of any plan improvements. This provision would be unduly restrictive in the context of the flat-benefit plans common in the private sector, which by their nature are subject to periodic, kind of step adjustments to keep pace with wage growth. We recommend that those provisions be taken out of the bill.

The proposed changes under Bill 120 also include amendments that describe the process under which surplus may be distributed on a full or partial windup of the plan.

Mr. Chair, how much time do I have left?

The Chair (Mr. Pat Hoy): You have four minutes.

Mr. Charles Campbell: Okay. I think I may be on track.

The current situation requires that employers seeking to make surplus withdrawals from plans get the approval and consent of the trade union if there is one, and if there isn't, of 100% of all members and former members of the plan, unless the employer can demonstrate clear legal entitlement to the surplus.

The latter course frequently has involved lengthy, expensive and protracted litigation for members of the pension plans in the courts.

1410

There are some welcome changes with respect to creating a dispute resolution process in Bill 120. The superintendent is given authority to determine whether an arbitrator should be appointed to deal with the dispute over surplus sharing if the parties are not able to enter into a surplus-sharing agreement within a prescribed period of time after plan windup. Unions, employers and plan members may also propose arbitration as a means for resolving surplus-sharing disputes. Parties may agree on an arbitrator, or one may be appointed by the superintendent.

It's not clear, however, from the legislation, what pool of arbitrators would be chosen, what background and expertise they would bring to the table, and what authority and interpretive principles would guide the arbit-

trator's decision-making. These details may well turn up in the regulations to the act, but we would submit that these are the kinds of issues that should be included in the text of the legislation so that they cannot be changed without legislative scrutiny and debate, and so that stakeholders can make submissions on the most appropriate and useful process.

We also support the amendments on surplus entitlement proposed by the OFL and discussed in greater length in their submission, including:

- creating a mechanism whereby members and pensioners can assert their right to a surplus;

- making amendments to provide that the plan sponsor has a right to the surplus only if there is clear provision for payment of the surplus exclusively to the employer;

- providing that surplus claims based on legal entitlement be adjudicated by the courts, without need for intermediate decisions from the superintendent or the tribunal;

- stipulating strict time limits for each step in the process so that it doesn't drag on forever, as some of these have; and

- providing that, in cases of pension plan surplus disputes, the costs be borne from the pension plan surplus, rather than making pension plan members, who are in a situation where their plan just got wound up, have to find the money to fund their appeals.

Turning to the other recommendations from the expert commission that really should be dealt with now, if not yesterday, the commission made important recommendations for improvements to the existing pension benefits guarantee fund and recommended an increase in the level of coverage to \$2,500 from the current level of \$1,000, which hasn't been changed in 25 years.

In addition, the commission proposed new regulatory structures, including the creation of an Ontario pension agency that could deal with stranded pensions efficiently and at low cost. Such an agency could pool, administer and disburse funds in a way that would provide a target defined benefit in these circumstances. We believe the committee should provide clear direction to the government to adopt and implement these important recommendations.

In conclusion, I want to thank the committee for the opportunity to share our views and wish you good luck with your further process on this fascinating legislation.

The Chair (Mr. Pat Hoy): Thank you. We'll go to Mr. Miller of the NDP for questioning.

Mr. Paul Miller: Thank you. Welcome, brother. I will declare that I won't be asking any questions about my former employer for a case of conflict, so I will keep this to general questions.

Obviously, you've already stated in your final paragraph that you are in favour of increasing the PBGF fund to \$2,500, as recommended by Mr. Arthurs. I notice that there has been no mention in the presentation—do you see a gradual amortization over a period of five to 10

years, to get it up that level? Because obviously, it's quite a large influx at once.

Mr. Charles Campbell: The Arthurs commission took a careful and detailed look as to how this could be done in a way that was sustainable for the fund. I'm not an expert on this, but I'm sure that just increasing it on December 1, 2010 wouldn't be a practical way to go about it, so phasing it in over a period of time makes sense.

As you know, when it was set at \$1,000 a month, in—

Mr. Paul Miller: In 1980.

Mr. Charles Campbell: —1980, that was a reasonable amount and covered what was, at the time, a decent pension.

Mr. Paul Miller: It doesn't quite cut it now.

Mr. Charles Campbell: But now we've certainly had experience with members in plans where their employer went bankrupt, and the pension benefits guarantee fund is crucial in stepping up and at least limiting their losses. But for people with basically a decent pension plan, it doesn't come close to making them whole.

Mr. Paul Miller: How do you feel about—obviously the enhancements to the CPP seem to be the focus for most groups, that that would be good. My only problem with that, as I mentioned, and I'll reiterate: Earlier I said that not everybody gets the full CPP benefit. Some people might not get anything or some people might get \$100, depending on how much they worked, or they worked part-time; they might get \$200 a month. They've recommended a 15% increase. I don't really think that cuts it for a lot of people. Very few people get the max. That's not a big percentage.

You wouldn't be opposed to the NDP's proposal for an Ontario pension plan to supplement the CPP—and obviously, that fell on deaf ears. How do you feel about the Ontario pension plan?

Mr. Charles Campbell: I thought that the Ontario NDP's proposal was extremely constructive. We're in a situation where, first of all, even if the CPP is gradually doubled from its current levels, there will be many people, as you say, for whom that isn't sufficient for a decent standard of living in retirement. The situation that we face today with CPP at 25% of earnings—I think there's room for every jurisdiction to pitch in and address this problem, and I promote that.

Mr. Paul Miller: I know your organization was also supportive of the 66% of Ontarians that don't have a defined pension that could benefit from an Ontario pension plan. That would be a fair statement, would it not?

Mr. Charles Campbell: Yes. While we think that expanding employer-based defined benefit pension plans would be the best way to go, it's not realistic to think it's going to get to 100% any time soon. Proposals such as yours to create something that would benefit those people who don't have such plans we think are a good idea.

Mr. Paul Miller: That's great. Finally, I know you touched on surplus distribution. Have you got any insight on how that would come, from your perspective, on

improvements to Bill 120? Do you see anything they've missed?

Mr. Charles Campbell: Well, to be honest, I think in my presentation I put forward what I know about surplus distribution and then some, so I think I'll stick to that. We did work with the OFL in terms of setting together their proposal for changes. That's what our position is.

Mr. Paul Miller: I'd like to thank you for that plug you gave me earlier. That was nice; thanks very much.

Mr. Charles Campbell: We're always proud of our members as they move on to glory.

The Chair (Mr. Pat Hoy): Thank you for your submission.

That concludes our submissions. We meet again as a committee on December 1 at 12:30 for clause-by-clause. We are adjourned.

The committee adjourned at 1419.

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**Official Report
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(Hansard)**

**Journal
des débats
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Wednesday 1 December 2010

Mercredi 1^{er} décembre 2010

**Standing Committee on
Finance and Economic Affairs**

**Comité permanent des finances
et des affaires économiques**

**Securing Pension Benefits Now
and for the Future Act, 2010**

**Loi de 2010 sur la pérennité
des prestations de retraite**

Chair: Pat Hoy
Clerk: Sylwia Przewdziecki

Président : Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Wednesday 1 December 2010

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUESMercredi 1^{er} décembre 2010*The committee met at 1233 in room 151.*SECURING PENSION BENEFITS NOW
AND FOR THE FUTURE ACT, 2010
LOI DE 2010 SUR LA PÉRENNITÉ
DES PRESTATIONS DE RETRAITE

Consideration of Bill 120, An Act to amend the Pension Benefits Act and the Pension Benefits Amendment Act, 2010 / Projet de loi 120, Loi modifiant la Loi sur les régimes de retraite et la Loi de 2010 modifiant la Loi sur les régimes de retraite.

The Chair (Mr. Pat Hoy): The standing committee on economic affairs will now come to order. We are here on clause-by-clause consideration of Bill 120. We do not require the subcommittee report to be read into the record because it was on a previous date.

There are no amendments to section 1 through section 4. Shall those sections carry? All in favour? Carried.

Mr. Paul Miller: Before the proceedings actually get under way, I'd just like to say that I have a complaint. I didn't receive the amendments—and they're substantial—until late yesterday afternoon. Our research people certainly had to scramble to even—because pensions are such a complicated issue. So I'm just putting it on record that I'm very disappointed that we received them late, and there certainly will be a lot of questions for the legislative counsel today on explaining what's going on here, because we haven't had the ability to decipher some of these things.

I just want to put that on record, that I'm very disappointed that the government gave it to us late.

The Chair (Mr. Pat Hoy): There was a deadline for amendments, and all the amendments were sent out to all parties at the same time. That being said, you've lodged your complaint.

There is a motion to section 5: NDP motion, page 1 in your packet. Mr. Miller.

Mr. Paul Miller: The NDP recommends that the members of the committee vote against section 5 of the bill.

I'd like a recorded vote on all NDP amendments, please.

The Chair (Mr. Pat Hoy): Are we agreed that all NDP members' motions would be recorded, so then I don't have to ask each time? Are we agreed? Agreed.

Very good. It's page 1 in your packet. All in favour?

Interjection.

The Chair (Mr. Pat Hoy): Oh, it's not a motion. This is just a notice, so it's not something that we would vote on.

Shall section 5 carry?

Interjection.

The Chair (Mr. Pat Hoy): His was only a notice that they vote against it; it was not a motion. It's not voted on.

Mr. Paul Miller: Okay, fine.

The Chair (Mr. Pat Hoy): So now I'm asking, to be clear, all in favour of section 5?

Mr. Paul Miller: And against?

The Chair (Mr. Pat Hoy): Yes, it will be.

Mr. Paul Miller: Against.

The Chair (Mr. Pat Hoy): All in favour of section 5? Opposed? Carried.

There are no motions to sections 6 through 7. Shall those sections carry? All in favour? Opposed? Carried.

Section 8: government motion, page 2. Ms. Pendergast.

Ms. Leeanna Pendergast: I move that subsection 22.1(5) of the Pension Benefits Act, as set out in subsection 8(1) of the bill, be amended by striking out "if payment to the administrator or to the agent" at the beginning of clause (a) and at the beginning of clause (b) substituting in each case "if payment to the agent".

The Chair (Mr. Pat Hoy): Comment, if any?

Mr. Paul Miller: Yes. Can I have an explanation for that from legislative counsel, please?

Ms. Leeanna Pendergast: I'll take that, Chair.

It's just a correction. It clarifies when the administrator may pay third party agents from a pension fund.

Mr. Paul Miller: I'm sorry? Speak up.

Ms. Leeanna Pendergast: It's a correction, and it just clarifies when the administrator may pay third party agents from the pension fund.

Mr. Paul Miller: So why are we striking out the word and just leaving "agent"? Is that a third party person that would be involved? There's no administrator; it's just an agent?

The Chair (Mr. Pat Hoy): Do we have someone from the ministry?

If you could just state your name, and then you can give the response, please.

Ms. Celia Harte: My name is Celia Harte. I'm a policy adviser at the Ministry of Finance.

It was a mistake to have the words “to the administrator.” It should have been directly talking about payments to the agents and the other persons in that clause, so it was just an error to have the words “to the administrator.”

Mr. Paul Miller: So it's a typo?

Ms. Celia Harte: Well, a typo I usually think of as—

Mr. Paul Miller: What's the difference between the administrator and the agent?

Ms. Celia Harte: There's a separate clause earlier. There are provisions about payment to the administrator, so in this one it's about payment to parties other than the administrator who provide services to the plan.

Mr. Paul Miller: So that could be a consultant?

Ms. Celia Harte: It could if they're retained, yes.

Mr. Paul Miller: Okay. I'll be voting against that one.

The Chair (Mr. Pat Hoy): Mr. Miller, did you have a question?

Mr. Norm Miller: No.

The Chair (Mr. Pat Hoy): No? Okay, we're fine.

All in favour? Opposed? Carried.

Page 3: NDP motion, Mr. Miller.

Mr. Paul Miller: I move that the bill be amended by adding the following section after section 11:

“11.1 The act is amended by adding the following section:

“Defined benefits, emergency indexation”—

The Chair (Mr. Pat Hoy): I've made a mistake on here. I went right to page 3 rather than calling for the vote on sections 9 through 11, which have no amendments. Then we can come back here. I got ahead of myself.

Mr. Paul Miller: Okay.

The Chair (Mr. Pat Hoy): There are no amendments to section 9.

Interjection.

The Chair (Mr. Pat Hoy): Okay, we'll back up.

The government just had a motion that carried. Shall that section, section 8, carry? Carried.

Sections 9 through 11 have no amendments. Shall those sections carry? Carried.

Now we're back to you.

Mr. Paul Miller: So I'll read it again.

I move that the bill be amended by adding the following section after section 11:

“11.1 The act is amended by adding the following section:

“Defined benefits, emergency indexation

“39.1.1(1) This section applies with respect to a pension plan that provides defined benefits.

“Same

“(2) If inflation exceeds a prescribed threshold during a year, the defined benefits, deferred pensions and pensions provided under a pension plan shall be increased in accordance with the emergency indexation requirements established under this section.

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“Payment from surplus

“(3) The increases resulting from emergency indexation are payable out of surplus, if any, in the pension fund.

“Regulations

“(4) The Lieutenant Governor in Council may make regulations establishing emergency indexation requirements.”

The Chair (Mr. Pat Hoy): Any comment? Mr. Miller.

Mr. Norm Miller: So am I to read from this that the only time this emergency indexation would be paid is if a pension plan is in a surplus, and it would only be paid out of surplus? so if a pension plan is not in surplus, then the emergency indexation would not be paid?

Mr. Paul Miller: The emergency indexation would be required and paid when the fund was not fully solvent.

Mr. Norm Miller: Would not be paid if it's—

Mr. Paul Miller: Would be. It would cover it.

Mr. Norm Miller: So even if the plan is not solvent, you would still pay this emergency indexation?

Mr. Paul Miller: That's correct.

The Chair (Mr. Pat Hoy): Any other comment?

Interjection.

The Chair (Mr. Pat Hoy): A recorded vote is requested.

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Barrett, Norm Miller, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Now, I want to go back to section 8, which is giving me a problem, and I apologize for that. We carried the government motion and I asked, “Shall section 8 carry?” We agreed to that, but I should have said, “Shall section 8, as amended, carry?”

All in favour? Carried.

Now, section 12: There is a PC motion on page 4. Mr. Miller.

Mr. Norm Miller: I move that paragraph 2 of subsection 39.2(1) of the Pension Benefits Act, as set out in subsection 12(1) of the bill, be amended by striking out “one or more collective agreements” at the end and substituting “collective agreements or other prescribed agreements”.

The purpose of this is we had groups come before us who recognized that with the language that's currently there, it only applies to collective agreements and not other non-unionized groups that might want to benefit from targeted benefit pension plans, I believe it was.

The Chair (Mr. Pat Hoy): Thank you. Any other comment? Hearing none, all in favour?

Mr. Norm Miller: Recorded vote.

Ayes

Barrett, Norm Miller.

Nays

Albanese, Arthurs, Paul Miller, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Page 5: government motion, Ms. Pendergast.

Ms. Leeanna Pendergast: I move that paragraph 3 of subsection 39.2(1) of the Pension Benefits Act, as set out in subsection 12(1) of the bill, be struck out and the following substituted;

“(3) The administrator is authorized, by the documents that create and support the pension plan and pension fund, to reduce benefits, deferred pensions or pensions accrued under the plan, both while the plan is ongoing and upon windup.

“(4) The reduction referred to in paragraph 3 is not prohibited by the terms of any applicable collective agreement or by the pension legislation of a designated jurisdiction.

“(5) The pension benefits satisfy such other criteria as may be prescribed.

“(6) The pension plan satisfies such other criteria as may be prescribed.”

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: An explanation would be great.

Ms. Leeanna Pendergast: This addresses concerns that we heard from stakeholders about reasonable restrictions. That’s really what it is: responding to stakeholder concerns.

The Chair (Mr. Pat Hoy): Any other comment?

Hearing none, all in favour? Opposed? Carried.

Page 6: government motion, Ms. Pendergast.

Ms. Leeanna Pendergast: I move that section 39.2 of the Pension Benefits Act, as set out in subsection 12(1) of the bill, be amended by adding the following subsection:

“Same

“(1.1) Despite subsection (1), the pension benefits provided by a pension plan are not target benefits if the administrator’s authority to reduce benefits, deferred pensions or pensions accrued under the plan is restricted in a manner or to an extent that is prohibited by regulation for target benefits.”

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Yes. A standing comment: If they could please provide an explanation after each amendment, it would be appreciated.

The Chair (Mr. Pat Hoy): Very good. Ms. Pendergast?

Ms. Leeanna Pendergast: The proposed motion provides authority to make regulations that would place limits on how or to what extent the administrator’s ability to reduce benefits could be restricted.

The Chair (Mr. Pat Hoy): Mr. Miller?

Mr. Paul Miller: Let me get that right. You’re saying the administrator—his decisions would be restricted on the funding? Is that what you’re saying? By who? The cabinet is going to restrict it? Who is going to restrict his ability to—I guess we need some help here.

Ms. Celia Harte: “The administrator” is referring to the plan administrator. For example, in a multi-employer plan, an administrator may be authorized by the plan terms to reduce benefits only when a plan is underfunded at a level of, say, 95%.

If it’s over 95%, the plan terms may say an administrator can’t reduce benefits. So it’s the administrator of the plan, normally in a multi-employer plan. The plan terms can set restrictions on the extent to which benefits may be reduced.

Mr. Paul Miller: So you’re telling me that if a plan is under 95%—what percentage did you say?

Ms. Celia Harte: No; that was an example. I don’t have any specific plans—

Mr. Paul Miller: All right, just a second. If the plan is underfunded, you’re saying that the administrator has the ability to enforce reductions in benefit coverage on that plan?

Ms. Celia Harte: That is currently the case in many multi-employer plans.

Mr. Paul Miller: So if there’s a surplus, what happens?

Ms. Celia Harte: A plan may have terms. This isn’t in the act, but what this is doing is saying that there may be—if, for instance, a plan had terms that said you’re not allowed to reduce the benefits in a plan until the plan is at some ludicrous funding level of something like 10% funded, that might not be an acceptable restriction.

Mr. Paul Miller: Okay. But with all due respect, you didn’t give me a percentage. I heard the number 95% as an example. How low are we talking here where they can say, “No, we can’t pay out the benefits anymore at that level?”

Ms. Celia Harte: There is nothing here—

Mr. Paul Miller: Is there any input from unions on this, or any other people?

Ms. Celia Harte: When regulations are developed, they’ll be consulted on in the normal way. They’re posted on the registry for comment and they are consulted on—

Mr. Paul Miller: So the regulations aren’t there yet?

Ms. Celia Harte: No.

Mr. Paul Miller: So we’re voting on something that isn’t finalized? Wow.

I’d like a recorded vote on this one, please.

The Chair (Mr. Pat Hoy): Recorded vote requested. Any other comment? All in favour?

Ayes

Albanese, Arthurs, Delaney, Pendergast, Sousa.

Nays

Paul Miller.

The Chair (Mr. Pat Hoy): The motion carries. Government motion, page 7.

Ms. Leeanna Pendergast: I move that subsection 39.2(3) of the Pension Benefits Act, as set out in sub-

section 12(1) of the bill, be amended by striking out “is restricted under the pension legislation of that jurisdiction” and substituting “is prohibited or restricted under the pension legislation of that jurisdiction”.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Explanation, please.

Ms. Leeanna Pendergast: This motion reflects the change in motion number 5 by adding reference to the word “prohibited.”

Mr. Paul Miller: Okay. What impact does this word, “prohibited,” have on the act? Prohibited of what? There’s no explanation here. Has anybody got an answer?

Interjection.

The Chair (Mr. Pat Hoy): Yes, you could.

Ms. Celia Harte: Because motion 5, in paragraph 4, talks about “the reduction referred to in paragraph 3 is not prohibited....”

Mr. Paul Miller: Could I have—I don’t have those in front of me. You’re taking parts of the act—

Ms. Celia Harte: No, this is in the motion—

Mr. Paul Miller: I would like an explanation of the three things you mentioned before you came to your explanation.

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Ms. Leeanna Pendergast: We have them.

Mr. Paul Miller: Oh, you have them?

Ms. Leeanna Pendergast: We just read them.

Mr. Paul Miller: This is it here? That’s it?

Ms. Leeanna Pendergast: I just read it. Motion 5.

Mr. Paul Miller: Yes, I’ve got motion 5. That’s all? Okay. Go on with your explanation.

Ms. Celia Harte: I’m just saying that because a term has been added into paragraph 4, which came in under motion 5, the amendment that’s laid out in motion 7 needs to be made consistent with it. So, in one sense, it’s editorial. Once you’ve added the term “prohibited” in one, you need it to be in the other.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Opposed? Carried.

Shall section 12, as amended, carry? Carried.

Sections 13 and 14 have no amendments. Shall they carry? Carried.

Section 15: NDP motion, page 8. Mr. Miller.

Mr. Paul Miller: I move that subsection 42(2.1) of the Pension Benefits Act, as set out in subsection 15(3) of the bill, be struck out and the following substituted:

“Reduction re target benefits

“(2.1) If a pension plan provides target benefits, the amount that a former member is entitled to require the administrator to pay under subsection (1) that relates to target benefits shall be determined with reference to the solvency funded ratio or windup funded ratio of the pension plan and not with reference to its going concern funded ratio.”

This amendment ensures that the appropriate percentage of the commuted value to be paid out to terminating members of a target MEPP reflects the plan’s solvency

funded ratio or its windup funded ratio rather than its going concern funded ratio.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, a recorded vote is requested.

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost. Shall section 15 carry? Carried.

Now, we’re on section 16: Page 9, NDP motion. Mr. Miller.

Mr. Paul Miller: I move that subsection 55(4) of the Pension Benefits Act, as set out in section 16 of the bill, be struck out and the following substituted:

“Funding of jointly sponsored pension plans

“(4) Sponsors and members of a jointly sponsored pension plan shall make the payments required under the plan and the regulations with respect to going concern unfunded liabilities but are not required to make payments in respect of any solvency deficiencies.

“Funding of multi-employer pension plans

“(5) Employers and members of a multi-employer pension plan shall make the payments required under the plan and the regulations with respect to going concern unfunded liabilities but are not required to make payments in respect of any solvency deficiencies.

“Funding of single employer pension plans

“(6) For a pension plan sponsored by one employer, the employer shall make the payments required under the plan and the regulations with respect to going concern unfunded liabilities and any solvency deficiencies.”

This amendment extends solvency funding relief to MEPPs with both for-profit and not-for-profit participating employers.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, a recorded vote is requested.

Ayes

Norm Miller, Paul Miller.

Nays

Albanese, Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost. Page 10, a PC motion. Mr. Miller.

Mr. Norm Miller: I move that section 16 of the bill be amended by adding the following subsection:

“(2) Section 55 of the act is amended by adding the following subsections:

““Annual valuation of pension plan

“(5) Each year, the administrator of a pension plan shall cause the plan to be reviewed and a valuation report prepared and certified by an actuary.

“Report to members

“(6) Each year, the administrator shall give the members of the pension plan a summary of the certified valuation report and, upon request, shall give a copy of the report to a member.”

This was requested by various stakeholders and especially by plan members and retired plan members who came—I think it was the Canadian Federation of Pensioners—and others who came before the committee and pointed out that the current cycle—I believe it’s a three-year valuation—and then an additional time frame to complete the valuation means that it could be almost four years after a downturn happens, like in 2008, before the plan members are actually aware of the true status of their pension. It was pointed out that other jurisdictions have annual valuation, and with technology nowadays, that shouldn’t be a huge expense for the plans, and obviously would be of great benefit to those who depend on that plan for their retirement income.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none—

Mr. Norm Miller: Recorded vote, please.

Ayes

Norm Miller, Paul Miller.

Nays

Albanese, Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Page 11, PC motion. Mr. Miller.

Mr. Norm Miller: I move that section 16 of the bill be amended by adding the following subsection:

“(3) Section 55 of the act is amended by adding the following subsections:

“Funding of solvency deficiencies of large pension plans

“(7) If a regulation requires special payments to be made to liquidate a solvency deficiency of a pension plan, the regulation cannot establish different requirements for pension plans with more than \$500 million of assets than the requirements that apply to other pension plans.

“Same

“(8) For greater certainty, subsection (7) prevails over section 5.1 of regulation 909 (general) made under this act and that section of the regulation is inoperative on and after the day on which the Securing Pension Benefits Now and for the Future Act, 2010, receives royal assent.”

By way of explanation, this comes from representations made by groups to the committee. They pointed out that regulation 5.1, the “too big to fail” regulation that allowed large, single-employer and other pension plans to get a payment holiday which has led to the plans being insufficiently funded, was not a good practice and that

essentially all pension plans can fail nowadays, and that there’s better protection for those who will be relying on that pension plan if there isn’t a special exception for large companies that can indeed and have been shown to fail.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I’ll put the question.

Mr. Norm Miller: Recorded vote, please.

Ayes

Norm Miller.

Nays

Albanese, Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Shall section 16 carry? Carried.

Page 12, NDP motion. Mr. Miller.

Mr. Paul Miller: I move that subsections 55.1(1) and (2) of the Pension Benefits Act, as set out in section 17 of the bill, be struck out and the following substituted:

“Contribution holidays for employers

“(1) An employer required to make contributions under a pension plan that has a surplus (or a person or entity required to make contributions on behalf of an employer under such a pension plan) shall not reduce or suspend contributions for the normal cost of the plan without the prior consent of the members of the trade union, if any, that represents them.

“Same, for members

“(2) Members’ contributions for the normal cost of a pension plan that has a surplus shall not be reduced or suspended without the prior consent of the members or the trade union, if any, that represents them.”

This amendment places a member consent requirement on employer contribution holidays.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Wayne Arthurs: Can I ask the member to read back into the record the last line of subsection 1? I think he said “of the trade union,” but it says “or the trade union” here.

Mr. Paul Miller: I’m sorry: “or the trade union.”

Mr. Wayne Arthurs: I just want to be sure for accuracy. Thank you.

The Chair (Mr. Pat Hoy): Then we’re agreed that that is the correct reading.

A recorded vote is requested.

Ayes

Norm Miller, Paul Miller.

Nays

Albanese, Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Shall section 17 carry? Carried.

Page 13, government motion. Ms. Pendergast.

1300

Ms. Leeanna Pendergast: I move that subsection 55.2 of the Pension Benefits Act, as set out in section 18 of the bill, be amended by striking out “to the administrator” and substituting “to a prescribed person or entity”.

The Chair (Mr. Pat Hoy): Any comment? Mr. Miller.

Mr. Paul Miller: Once again, you’re striking out the word “administrator” and substituting “prescribed person or entity.” What does “person or entity” mean? Is this a regulation that will be in place or isn’t in place, and who are these entities or persons that may be prescribed? I’d like to know.

Ms. Leeanna Pendergast: This is simply a response to stakeholder concerns about who should hold the letter of credit. They’ve asked for a prescribed person instead of the plan administrator.

Mr. Paul Miller: Okay. What would be considered a prescribed person? Are we talking about lawyers, banks, insurance companies? Who are we talking about here?

Ms. Leeanna Pendergast: One example would be a pension fund trustee. The concern was raised because an administrator could be in conflict where the employer is an administrator. The idea is to have an independent person. Right now, our act doesn’t have that concept in it, so we need to do it through the regulation. It would be that sort of person or entity.

Mr. Paul Miller: Okay. I understand your explanation, but could the entity part of it also include a consultant, an insurance company or a bank, rather than just a trustee? If it was just a trustee, I’d feel a lot more comfortable, but “entity” could be anybody. It could be Jack the barber. I’m a little confused with that.

Ms. Celia Harte: The term “entity” is used in part because not everything is a person. For example, a trade union, unless it’s incorporated, is an entity rather than a person, unless there’s something specific that makes it that within the meaning of an act. It’s just a legal term to ensure that we don’t omit something.

Mr. Paul Miller: Legislative counsel, do you agree with that?

Ms. Laura Hopkins: Yes. A reference in a statute to a person means a person in law, and not all organizations have that status. “Entity” is intended to refer to things that don’t have the status of person in law.

Mr. Paul Miller: Who is going to prescribe them to that particular plan? Who would have the decision? Would the administrator still have the decision? If he was in conflict, would he be able to recommend an entity or person to fill in?

Ms. Laura Hopkins: The reference in the statute to a prescribed person or entity means that a regulation under the act made by the Lieutenant Governor in Council will designate the kinds of persons or entities that can be—

Mr. Paul Miller: So it’s not in place right now; we don’t have that.

Ms. Laura Hopkins: No.

Mr. Paul Miller: Whom they would consider an entity or person is still up for grabs.

Ms. Laura Hopkins: The regulation can’t be made until this statute is passed.

Mr. Paul Miller: I understand that, but it certainly doesn’t break down who these entities could be. You’ve said possibly a union, possibly—okay, whatever.

The Chair (Mr. Pat Hoy): Thank you. Ms. Pendergast, you said “I move that section 55.2,” not “55.2(2).”

Ms. Leeanna Pendergast: You’re right; I didn’t say “(2).”

The Chair (Mr. Pat Hoy): Thank you.

Shall the motion carry? Carried.

Page 14, government motion.

Ms. Leeanna Pendergast: I move that subsection 55.2(4) of the Pension Benefits Act, as set out in section 18 of the bill, be amended by striking out “to the administrator” and substituting “to the prescribed person or entity”.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Paul Miller: It sounds familiar.

The Chair (Mr. Pat Hoy): Hearing none, shall the motion carry? Carried.

Page 15, government motion.

Ms. Leeanna Pendergast: I move that subsection 55.2(6) of the Pension Benefits Act, as set out in section 18 of the bill, be struck out and the following substituted: “Distribution

“(6) The employer must provide the letter of credit to the prescribed person or entity within such period after it is issued as may be prescribed and the employer must give a copy of the letter of credit to the administrator within the same period.”

The Chair (Mr. Pat Hoy): Thank you. Any comment? Mr. Miller.

Mr. Paul Miller: I don’t see any reference to plan members or unions. Would they not be interested to know about the letter of credit that was prescribed? Would that be a fair question?

Why is it just to the administrator and not to the plan members, who would be concerned about the status of their plan? Why are they not included?

Anybody got an answer?

Ms. Leeanna Pendergast: It’s the same explanation. It replaces “administrator” with “prescribed person or entity.”

Mr. Paul Miller: That’s not an answer.

Ms. Leeanna Pendergast: It’s the same purpose.

Mr. Paul Miller: Has someone got an answer?

Ms. Leeanna Pendergast: That’s what the motion is.

Mr. Paul Miller: Legal counsel? Hello?

Ms. Celia Harte: I can actually just say that under disclosure requirements, which are normally in the regulations, for instance in annual statements or that sort of thing, that’s the place where that would be considered. So it would be considered in the context of regulations.

Mr. Paul Miller: So you’re telling me that the letter of credit would be included in the annual statement?

Ms. Celia Harte: I’m just saying that normally, the information that’s provided to members or unions around

the plan information and funding and that kind of thing is done in the context of regulations. That's all I'm saying.

Mr. Paul Miller: Okay. With all due respect, that was one of the biggest beefs that the presenters had: that they weren't being informed, not only about the status of their plan; they were concerned about the solvency levels of their plan and they were concerned about the administration of their plans. So I'm not quite sure that this has enough muscle on it to make me comfortable. I will not be supporting this.

The Chair (Mr. Pat Hoy): Thank you. Any other comment?

Hearing none, shall the motion carry? All in favour? Opposed? Carried.

Page 16: government motion.

Ms. Leeanna Pendergast: I move that subsection 55.2(8) of the Pension Benefits Act, as set out in section 18 of the bill, be amended by striking out "The administrator holds" at the beginning and substituting "The prescribed person or entity holds".

The Chair (Mr. Pat Hoy): Any comment?

Mr. Paul Miller: So the former explanation I got was that this doesn't take place until it's passed from here, and so "The prescribed person or entity holds"—the administrator no longer holds entitlement to that? It's now the new entity? Or can the administrator still do it? It doesn't explain that.

Anybody?

Ms. Celia Harte: It's saying "prescribed person or entity" for the same reasons that were explained before. Stakeholders raised concerns about it being the administrator, and this way it can be dealt with in the regulation in terms of which persons or entities would be appropriate.

Mr. Paul Miller: Okay, if the administrator was the only person and he didn't have a conflict on the particular plan at issue, you've eliminated his ability to hold on to that, because now you've added "person or entity," these new creations that you've made. What if they don't have an entity or a person prescribed to handle the situation with their fund? Is the administrator now knocked out of position too? Where do they go from there? It says "The administrator holds," but now he doesn't.

Ms. Celia Harte: There's nothing in the words "prescribed person or entity" that would prevent there being a regulation that would allow administrators, under certain conditions, to hold them.

Mr. Paul Miller: Under certain conditions.

Ms. Celia Harte: Well, one of the conditions you mentioned is that, for whatever reason, there wouldn't be a conflict, for instance. Right?

Mr. Paul Miller: But it doesn't say that here. Is it in the legislation now, or is this all new stuff that hasn't been written?

I guess so. I can't support that one.

The Chair (Mr. Pat Hoy): Thank you. Any other comment?

Hearing none, all in favour? Opposed? Carried.

Page 17: government motion.

Ms. Leeanna Pendergast: I move that subsection 55.2(9) of the Pension Benefits Act, as set out in section 18 of the bill, be amended by striking out "the administrator shall demand" and substituting "the prescribed person or entity shall demand".

The Chair (Mr. Pat Hoy): Any comment?

Mr. Paul Miller: I guess this is the TSN Turning Point; the same thing again: "the administrator shall demand." Now, he can't do that anymore, so I guess it's up to the prescribed person or entity; whoever. That scenario I created in the last question could apply here too. Is the administrator out of the loop? Is that what this is saying?

Ms. Celia Harte: It's the same answer as before.

Mr. Paul Miller: Pardon? Same as before?

Ms. Celia Harte: Yes.

Mr. Paul Miller: So he is out of the loop. Okay. I can't support that.

1310

The Chair (Mr. Pat Hoy): Any other comment?

All in favour? Carried.

Mr. Paul Miller: Opposed—me.

The Chair (Mr. Pat Hoy): Shall section 18, as amended, carry? Carried.

There are no amendments to sections 19 through 25. Shall those sections carry? Carried.

Section 26: government motion, page 18. Mr. Sousa.

Mr. Charles Sousa: I move that subsection 77.11(4) of the Pension Benefits Act, as set out in subsection 26(1) of the bill, be struck out and the following substituted:

"On windup of successor pension plan

"(4) If a pension plan is a successor pension plan and if it is being wound up in whole or in part, the employer is not entitled to payment of surplus under the pension plan unless the documents that created and supported the original pension plan and pension fund and those that create and support the successor pension plan and pension fund both provide for payment of surplus to the employer on the windup or partial windup, as the case may be, of the pension plan.

"Same

"(4.1) Subsection (4) does not preclude a written agreement described in subsection (5) from providing for payment of surplus to the employer in the circumstances specified in the agreement.

"Transition

"(4.2) Subsection (4) does not apply if the effective date of the transfer of assets from the original pension plan to the successor pension plan is earlier than the date on which the Securing Pension Benefits Now and for the Future Act, 2010, received royal assent."

The Chair (Mr. Pat Hoy): Any comment? Mr. Miller.

Mr. Norm Miller: An explanation, as per usual, please?

Mr. Charles Sousa: All right. The proposed motion clarifies that the provisions apply only when a successor plan is wound up, in whole or in part, and only to those

successor plans established after the provision comes into force upon royal assent.

It also clarifies that in these circumstances, payments of surplus to the employer may be provided under a surplus-sharing agreement.

This is a response to stakeholder requests for clarification.

The Chair (Mr. Pat Hoy): Mr. Miller.

Mr. Paul Miller: So, let me get this straight: You've got a windup of a plan, and the surplus from that plan is to go to the person who pays the plan, the employer, and it doesn't move on to the successor plan. The initial plan is obviously wound up because it wasn't funded properly, so any surplus from that should, you would think, move on to the new successor plan to help the new successor plan maintain some stability and solvency as it grows with the employee, who may have moved on to the successor plan after taking a beating in the first plan. Any surplus goes back to the employer, who may not have funded the plan properly, so he gets rewarded with getting money back from the initial plan that was any access.

That doesn't make sense, because the plan wound up. It was in trouble, so why would there be any surplus in the initial plan?

Mr. Charles Sousa: I think you made your point. That's why we're providing a subsection here to provide for a surplus-sharing agreement, so we'd understand from the outset.

Mr. Paul Miller: But—

Ms. Celia Harte: If I could just add to that: This is dealing where, for instance, there are two plans that merge together. One plan comes into another plan, and that is the successor plan, after the date, if this is passed.

Nothing is going on with surplus, except for any requirements to transfer surplus in terms of an asset transfer generally.

What happens is, eventually, if this successor plan, that was formed from those two plans, winds up and has a surplus, unless the employer can show entitlement in both the original plan and the new plan, it must share surplus or just use it for the benefit of the employees, or go to arbitration—whatever.

Mr. Paul Miller: So you're telling me that the surplus from the initial plan moves on to the successor plan, and then, if the contributor wants to question that, he has to prove, in both plans, that he's eligible to receive such additional funds that were there?

Ms. Celia Harte: If, at some point in time, the newly formed successor plan wound up and had surplus, it would have to prove entitlement in both the original and the new one.

But also to be clear about the surplus being transferred from the original plan, in the recent amendments to the Pension Benefits Act that were dealt with earlier this year, there was a provision that in an asset transfer between a plan and another plan, a specified amount of surplus would also have to be transferred. Regulations have to be written, but that's where the transferring of

surplus happens in terms of the asset transfer. This is dealing with two plans that come together. A successor plan, when the time comes, would have to show entitlement in both the original and the new plan in order for it to only go to the employer. Otherwise, you have to share it.

Mr. Paul Miller: So with the initial plan, there may not have been a surplus—there shouldn't have been if it's wound up, right? There shouldn't have been a surplus. If the plan wound up and you're going to a successor plan, then obviously there are no assets there or no value there. If there is, would that not follow into the successor plan without being tampered with by the initial contributor?

First of all, I can't grasp that there would be any surplus there in the initial plan if it wound up and they moved on to the successor plan, and if there was a surplus, why would that not move in? Because obviously, the initial plan was in trouble, it wound up, and the employees didn't get their rightful desserts from that initial plan and took a heavy loss. So if there was some surplus plan or subsequent plan that was there that had covered for insurance reasons or whatever, wouldn't that money move on to the new successor plan with the employees who had already taken a beating?

Ms. Celia Harte: I can say there are various scenarios. It doesn't mean the first plan actually wound up. Sometimes a portion of a plan, because a portion of a business is sold, may move to another employer, so it isn't that the first plan was necessarily in trouble or not in trouble or that the original plan wound up. You don't have to have a merger where one plan winds up; a merger of plans can just be a restructuring of businesses that come together or that split apart.

Mr. Paul Miller: But what about the employees? My question is the employees who were in the initial plan—if the plan wound up or they went in to join a MEP plan or whatever plan they went to and the funding wasn't there, they lost—it was underfunded; there wasn't solvency there; I don't know where this additional money is coming from if the plan wound up, but anyway, if it was there, you would think that that money would go to the initial employees before they moved on to the successor plan—why is it up to the employer who funded the initial plan and funded the successor plan to have oversight on the initial plan?

Ms. Celia Harte: Those are questions that are not really dealing specifically with the motion, and it's not my place to deal with it.

Mr. Paul Miller: I'm not getting it either. I will vote against this.

The Chair (Mr. Pat Hoy): Any other comment? All in favour? Opposed? Carried.

Page 19: government motion, Ms. Pendergast.

Ms. Leeanne Pendergast: I move that subsection 77.11(5) of the Pension Benefits Act, as set out in subsection 26(1) of the bill, be struck out and the following substituted:

"Agreement about surplus

“(5) A written agreement among the following persons may provide for payment of surplus to the employer in the circumstances specified in the agreement and as of the date specified in the agreement:

“1. If the surplus is to be paid to the employer while the pension plan continues in existence,

“i. the employer,

“ii. at least two thirds of the members of the pension plan (and, for this purpose, a trade union that represents members may agree on behalf of those members), and

“iii. the number which is considered appropriate in the circumstances by the superintendent of former members and other persons who are entitled to payments under the pension plan as of the specified date for payment of the surplus.

“2. If the surplus is to be paid to the employer on the windup of the pension plan in whole,

“i. the employer,

“ii. at least two thirds of the members of the pension plan (and, for this purpose, a trade union that represents or represented members on the date of the windup may agree on behalf of those members), and

“iii. the number which is considered appropriate in the circumstances by the superintendent of former members and other persons who are entitled to payments under the pension plan as of the date of the windup.

“3. If the surplus is to be paid to the employer on the partial windup of the pension plan,

“i. the employer,

“ii. at least two thirds of the members of the pension plan affected by the partial windup (and, for this purpose, a trade union that represents or represented affected members on the date of the partial windup may agree on behalf of those members), and

1320 “iii. the number which is considered appropriate in the circumstances by the superintendent of former members and other persons who are affected by the partial windup and who are entitled to payments under the pension plan as of the date of the partial windup.”

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Opposed? Carried.

Page 20: NDP motion, Mr. Miller.

Mr. Paul Miller: I move that section 77.11 of the Pension Benefits Act, as set out in subsection 26(1) of the bill, be amended by adding the following subsections:

“Jurisdiction of the court

“(6.1) The court has the jurisdiction to determine disputes about whether an employer or the members, former members and other persons are entitled to payment of surplus under a pension plan and may exercise this jurisdiction even though the superintendent or the tribunal is also authorized to determine the matter in another proceeding.

“Same

“(6.2) The court may stay a proceeding before the superintendent or the tribunal, in whole or in part, with respect to a dispute about whether an employer or the

members, former members and other persons are entitled to payment of surplus.”

This amendment ensures that surplus claims based on legal entitlement are adjudicated by the courts without need for intermediate decisions from either a superintendent or a tribunal.

The Chair (Mr. Pat Hoy): Thank you. Any other comment? Hearing none, a recorded vote is requested.

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Barrett, Delaney, Norm Miller, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Page 21: Ms. Pendergast.

Ms. Leeanna Pendergast: I move that section 26 of the bill be amended by adding the following subsection:

“(1.1) Subsection 77.11(4) of the act, as enacted by subsection (1), is amended,

“(a) by striking out ‘if it is being wound up in whole or in part’ and substituting ‘if it is being wound up’; and

“(b) by striking out ‘on the windup or partial windup, as the case may be, of the pension plan’ at the end and substituting ‘on the wind up of the pension plan’.”

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Opposed? Carried.

Page 22: government motion.

Ms. Leeanna Pendergast: I move that section 26 of the bill be amended by adding the following subsection:

“(1.2) Subsection 77.11(4.1) of the act, as enacted by subsection (1), is amended by adding ‘or an arbitration award made in accordance with section 77.12’ after ‘a written agreement described in subsection (5)’.”

The Chair (Mr. Pat Hoy): Any comment?

Mr. Paul Miller: Explanation, please.

Ms. Leeanna Pendergast: The proposed motion clarifies that under section 77.11(4.1), as amended by motion 18, payment of surplus to the employer may also be provided under an arbitration award and would come into effect when the arbitration provisions come into effect.

Mr. Paul Miller: Okay. A question: In the arbitration award, what parties are invited to discuss the awarding of surplus at an arbitration hearing? Would that include plan members? Would it include trustees? Would it include unions? Who would be involved in the arbitration process?

Ms. Celia Harte: That doesn’t directly deal with this, but in the arbitration process all parties with an interest in the issue would have to receive notification and, later on, or in the arbitration motions, there are provisions for various parties to propose going to arbitration, and that includes members, former members, retirees, trade unions and employers.

Mr. Paul Miller: Is that actually in the legislation or is that something you've—

Ms. Celia Harte: I think it is.

Mr. Paul Miller: Is that actually there in the arbitration process—

Ms. Celia Harte: I think so. Just give me a second.

Mr. Paul Miller: If so, I'm comfortable with that. If not, I'd like to see an amendment to this amendment—an amendment to the amendment.

Ms. Celia Harte: No, it's not part of this motion, but those parties are listed under the arbitration provisions.

The Chair (Mr. Pat Hoy): Thank you.

Mr. Paul Miller: Legal counsel, that's all right?

Ms. Laura Hopkins: If I can refer the member to section 27 of the bill, section 77.12(2) lists the various participants or possible participants, and they include: the employer, trade unions that represent members, members, former members and retirees.

Mr. Paul Miller: Okay, thank you.

The Chair (Mr. Pat Hoy): All in favour? Opposed? Carried.

Government motion, page 23.

Ms. Leeanna Pendergast: I move that subsection 26(3) of the bill be struck out and the following substituted:

“(3) Subsection 77.11(5) of the act, as enacted by subsection (1), is amended,

“(a) by striking out ‘of former members’ in subparagraph 1 iii and substituting ‘of former members, retired members’;

“(b) by striking out ‘of former members’ in subparagraph 2 iii and substituting ‘of former members, retired members’; and

“(c) by striking out ‘of former members’ in subparagraph 3 iii and substituting ‘of former members, retired members’.

“(3.1) Paragraph 2 of subsection 77.11(5) of the act, as enacted by subsection (1), is amended by striking out ‘on the windup of the pension plan in whole’ in the portion before subparagraph i and substituting ‘on the windup of the pension plan’.

“(3.2) Paragraph 3 of subsection 77.11(5) of the act, as enacted by subsection (1), is repealed.”

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Opposed? Carried.

Page 24.

Ms. Leeanna Pendergast: I move that subsection 77.11(7) of the Pension Benefits Act, as set out in subsection 26(4) of the bill, be amended by striking out “other persons entitled to payments under the plan as of the date of the windup or partial windup” and substituting “other persons entitled to a pension, deferred pension or other benefit under the plan who are affected by the windup or partial windup”.

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Opposed? Carried.

Shall section 26 carry, as amended? Carried, as amended.

Section 27: NDP motion, page 25.

Mr. Paul Miller: I move that clause 77.12(1)(a) of the Pension Benefits Act, as set out in subsection 27(1) of the bill, be struck out and the following substituted:

“(a) if the superintendent has not consented within 270 days after the date of the windup or, if an earlier deadline is prescribed, by the earlier deadline, to the payment of surplus to the employer; and” the recommended amendment entitled to surplus.

This is just the first of four amendments I'm going to bring forward right now that provide an alternative to the arbitration process stipulated in this section. The amendments stipulate strict time limits for the superintendent to determine whether or not to consent to a payment of surplus for a party to request arbitration, for the parties to agree upon the identity of the arbitrator and for the appointment of an arbitrator by the superintendent. So I'll just move on to the other ones.

The Chair (Mr. Pat Hoy): No, we'll go in order.

Mr. Paul Miller: What's that?

The Chair (Mr. Pat Hoy): We will continue in order. There's a government motion before we get to your other ones.

Mr. Paul Miller: Okay.

The Chair (Mr. Pat Hoy): Any other comment? A recorded vote is requested.

Ayes

Paul Miller.

Nays

Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Government motion, page 26.

Ms. Leeanna Pendergast: I move that subsection 77.12(2) of the Pension Benefits Act, as set out in subsection 27(1) of the bill, be amended by striking out “such information and documents as the superintendent may specify” in the portion before paragraph 1 and substituting “such information and documents as may be prescribed or as may be specified by the superintendent”.

The Chair (Mr. Pat Hoy): Thank you. It now being 1:30 of the clock, I would inform the committee that, from the motion from the House, on Wednesday, December 1, 2010, at no later than 1:30 p.m., those amendments which have not yet been moved shall be deemed to have been moved and the Chair of the committee shall interrupt the proceedings and shall, without further debate or amendment, put every question necessary to dispose of all remaining sections of the bill and any amendments thereto. Any division required shall be deferred until all remaining questions have been put and taken in succession, with one 20-minute waiting period allowed, pursuant to standing order 129(a).

1330

Mr. Paul Miller: On a point of order, Mr. Chairman: What you're saying is that this has been time-allocated?

The Chair (Mr. Pat Hoy): Yes, and there is no debate.

Mr. Paul Miller: So what you're saying is we can't debate all these important amendments in committee because of time allocation?

The Chair (Mr. Pat Hoy): This is not a debatable motion—

Mr. Paul Miller: It's outrageous, absolutely outrageous. I can't believe that.

The Chair (Mr. Pat Hoy): So we will move on. The motion has been put by Ms. Pendergast. All in favour? Opposed? Carried.

Mr. Paul Miller: Disgusting.

The Chair (Mr. Pat Hoy): NDP motion, page 27. Mr. Miller, do you want recorded votes on all of your motions?

Mr. Paul Miller: Yes.

The Chair (Mr. Pat Hoy): You still do?

Mr. Paul Miller: I sure do.

The Chair (Mr. Pat Hoy): He requires a recorded vote. It will come at the end of all of these motions as per the notice.

Government motion on page 28: All in favour? Opposed? Carried.

NDP motion on page 29 will be deferred until the end.

Government motion, page 30: All in favour? Opposed? Carried.

Government motion, page 31, subsection 27(1) of the bill, subsection 77.12(9.1) of the act: All in favour? Opposed? Carried.

Shall section 7, as amended, carry—

Interjection.

The Chair (Mr. Pat Hoy): We cannot vote on that section because the NDP motion to that section has not been voted on. So I can't ask that question.

Page 32 is an NDP motion, as is page 33, to section 28. That will come at the end.

Section 29, page 34, is an NDP motion that will come at the end.

Page 35 is a government motion, subsection 29(1) of the bill, clause 79(1)(b) of the act: All in favour? Opposed? Carried.

Page 36 is an NDP motion.

Page 37 is a government motion, subsection 29(3) of the bill, clause 79(3)(b) of the act: All in favour? Opposed? Carried.

Page 38 is a government motion, subsection 29(5) of the bill, clause 79(3)(b) of the act: All in favour? Opposed? Carried.

The NDP motion will be stacked.

Page 40, government motion, subsection 29(6) of the bill, clause 79(3.1)(b) of the act: All in favour? Opposed? Carried.

Government motion, page 41, subsection 29(7) of the bill, clause 79(3.1)(b) of the act: All in favour? Opposed? Carried.

Page 42, government motion, subsection 29(9) of the bill, subsection 79(4) of the act: All in favour? Opposed? Carried.

We cannot vote on that section until we get to the—yes.

There are no amendments to sections 30 through 37. Shall those sections carry? Carried.

NDP motion, page 43: I inform the committee that this motion would open section 82 of the Pension Benefits Act. This section was not previously open in Bill 120. An amendment that opens a section of an act is not open in amending the bill and is out of order.

Then we do have, on page 44, an NDP motion which will come at the end.

Sections 38 to 39 have no amendments. Shall those sections carry? Carried.

Government motion, page 45, section 40 of the bill, subsection 88(2) of the act: All in favour? Opposed? Carried.

Shall section 40, as amended, carry? Carried.

Section 41 has no amendments. Shall section 41 carry? Carried.

Government motion, page 46, subsection 42(8) of the bill, subsection 89(4) of the act: All in favour? Opposed? Carried.

Page 47, government motion, subsection 42(9) of the bill, subsection 89(4) of the act: All in favour? Opposed? Carried.

Shall section 42, as amended, carry? Carried.

Page 48 is an NDP motion. It will be stacked.

Page 49 and page 50 are NDP motions, which will be stacked.

There are no amendments to sections 43 through 48. Shall those sections carry? Carried.

Page 51 is a government motion; subsection 49(1) of the bill. All in favour? Opposed? Carried.

Page 52 is a government motion; subsection 49(3) of the bill. All in favour? Opposed? Carried.

Shall section 49, as amended, carry? Carried.

Now we go back to the other votes. Shall section 49, as amended, carry? Carried.

Section 50: Shall the short title carry? Carried.

Now we go to the NDP motions. Okay, I move subsection—oh, page 27, for everyone. I move subsection 27(1) of the bill, subsection 77.12(3) of the act.

A recorded vote is requested. All in favour?

1340

Mr. Paul Miller: What are you doing? Are you saying that we're not dealing with it? What are we voting on here?

The Chair (Mr. Pat Hoy): We're voting on your motion on page 27.

Mr. Paul Miller: So we're voting in favour or against, at this point—

The Chair (Mr. Pat Hoy): Yes.

Mr. Paul Miller: —even though we're not dealing with it?

Interjection: Yes, we are dealing with it.

The Chair (Mr. Pat Hoy): I just read it into the record.

Mr. Paul Miller: Oh, I see what you did. Okay.

The Chair (Mr. Pat Hoy): I read it into the record.

Mr. Paul Miller: I'm in favour of our amendments.

The Chair (Mr. Pat Hoy): You asked for a recorded vote on each one of them.

Mr. Paul Miller: Right.

The Chair (Mr. Pat Hoy): Okay.

Mr. Paul Miller: Even though we're not dealing with it. Okay.

The Chair (Mr. Pat Hoy): I moved it.

Mr. Paul Miller: And I vote in favour.

The Chair (Mr. Pat Hoy): A recorded vote is requested.

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Page 29, NDP motion: subsection 27(1) of the bill, subsections 77.12(7) and (7.1) of the act.

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Shall section 27, as amended, carry? Carried.

There is an NDP motion on page 32: subsection 28(1) of the bill, subsections 78(1) to (1.3) of the act.

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Page 33, NDP motion: subsection 28(1.1) of the bill, subsection 78 (3.1) of the act.

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Shall section 28 carry? Carried.

Page 34, NDP motion: subsection 29(1) of the bill, clause 79(1)(b) of the act.

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Page 36, NDP motion: subsection 29(3) of the bill, clause 79(3)(b) of the act.

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Page 39, NDP motion: subsection 29(6) of the bill, clause 79(3.1)(b) of the act.

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Shall section 29, as amended, carry? Carried.

Page 44, NDP motion: section 37.2 of the bill, section 84.1 of the act.

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Page 48, NDP motion: section 42.1 of the bill, sections 92 and 92.1 of the act.

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Page 49, NDP motion: section 42.2 of the bill, section 92.2 of the act.

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Page 50, NDP motion: section 42.3 of the bill, section 92.3 of the act.

Ayes

Paul Miller.

Nays

Albanese, Arthurs, Delaney, Pendergast, Sousa.

The Chair (Mr. Pat Hoy): The motion is lost.

Shall the short title carry? Carried.

Shall the title of the bill carry? Carried.

Shall Bill 120, as amended, carry? Carried.

Shall I report the bill, as amended, to the House? Carried.

We are adjourned.

The committee adjourned at 1348.

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Also taking part / Autres participants et participantes

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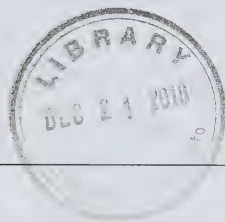
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Official Report of Debates (Hansard)

Thursday 2 December 2010

Journal des débats (Hansard)

Jeudi 2 décembre 2010

Standing Committee on Finance and Economic Affairs

**Helping Ontario Families and
Managing Responsibly Act, 2010**

Comité permanent des finances et des affaires économiques

**Loi de 2010 sur l'aide
aux familles ontariennes
et la gestion responsable**

Chair: Pat Hoy
Clerk: Sylwia Przedziecki

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 2 December 2010

Jeudi 2 décembre 2010

The committee met at 0900 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. Our first piece of business would be to read the report of the subcommittee. Do you have that, Ms. Pendergast?

Ms. Leeanna Pendergast: Your subcommittee on committee business met on Wednesday, December 1, 2010, to consider the method of proceeding on Bill 135, An Act respecting financial and Budget measures and other matters, and recommends the following:

(1) That the committee hold public hearings in Toronto, at Queen's Park, on Thursday, December 2, 2010, during its regular meeting times, as per the order of the House dated Wednesday, December 1, 2010.

(2) That the clerk of the committee, with the authorization of the Chair, post information regarding the committee's business on the Ontario parliamentary channel and on the Legislative Assembly website.

(3) That interested people who wish to be considered to make an oral presentation on Bill 135 should contact the clerk of the committee by 5 p.m. on Wednesday, December 1, 2010.

(4) That the clerk of the committee, in consultation with the Chair, be authorized to schedule witness presentations as the requests are received, on a first-come, first-served basis.

(5) That groups and individuals be offered 10 minutes for their presentations, followed by up to five minutes for questioning by committee members.

(6) That the deadline for receipt of written submissions be 5 p.m. on Thursday, December 2, 2010.

(7) That the research officer provide the committee with a summary of written submissions by 5 p.m. on Friday, December 3, 2010.

(8) That amendments to the bill be filed with the clerk of the committee by 10 a.m. on Monday, December 6, 2010, as per the order of the House dated Wednesday, December 1, 2010.

(9) That the committee meet on Monday, December 6, 2010, at 2 p.m. for clause-by-clause consideration of the bill, as per the order of the House dated Wednesday, December 1, 2010.

(10) That the clerk of the committee, in consultation with the Chair, be authorized to commence making any preliminary arrangements necessary to facilitate the committee's proceedings prior to the adoption of this report.

The Chair (Mr. Pat Hoy): Are we all agreed? Agreed.

HELPING ONTARIO FAMILIES AND
MANAGING RESPONSIBLY ACT, 2010LOI DE 2010 SUR L'AIDE
AUX FAMILLES ONTARIENNES
ET LA GESTION RESPONSABLE

Consideration of Bill 135, An Act respecting financial and Budget measures and other matters / Projet de loi 135, Loi concernant les mesures financières et budgétaires et d'autres questions.

CANADIAN LIFE AND HEALTH
INSURANCE ASSOCIATION

The Chair (Mr. Pat Hoy): Now then, across from me I believe we have the Canadian Life and Health Insurance Association. Good morning.

Mr. Ron Sanderson: Good morning.

The Chair (Mr. Pat Hoy): You have 10 minutes for your presentation; there could be up to five minutes of questioning. This time, the questioning would come from the official opposition.

If you'd just state your name, you can begin.

Mr. Ron Sanderson: Thank you very much, Mr. Chair. My name is Ron Sanderson. I am the director of policyholder taxation and pensions at the CLHIA.

Established in 1894, the CLHIA is a voluntary trade association that represents the collective interests of its member life and health insurers. In addition to providing life, disability and supplementary health insurance services, our members are active participants in the retirement planning area. CLHIA members administer approximately two thirds of pension plans in Canada and provide annuities that guarantee benefits for life and guarantee that those benefits are actually paid, not merely promised.

The proposals in schedule 15 of this bill address an unintended aspect of the current Pension Benefits Act that may allow some individuals to double-dip into their pension plans. Unfortunately, for Ontarians who lose

their jobs before retirement age, the proposals would severely restrict the use of annuities to lock in a guaranteed retirement income. The proposals would prevent abuse but would also diminish choice and income security in the larger community.

At present, on termination of employment, an individual can require a pension administrator to purchase a life annuity from an insurance company to provide equivalent pension benefits. The current legislative wording may be interpreted to also allow that individual to claim a lump sum payment from the pension plan, reflecting any difference between the cash equivalent of the pension rights under the plan—what is known as the commuted value—and the cost of that replacement annuity. In effect, the individual can top up his pension plan by claiming an additional part of the capital of the plan, capital that we think should be retained in the plan to pay other workers' pensions.

As of July 1 of next year, in order to prevent this double-dipping, schedule 15 would prevent annuity purchases before retirement age. Terminating employees would still be able to purchase locked-in retirement accounts—essentially RRSPs that are locked in until retirement age. This would still permit individuals to guarantee lifetime incomes, but only when they reach retirement age, not now. The actual income provided would depend on investment earnings, or losses, from loss of employment through to retirement age, and the income to be provided would be unknown until then. We think this exposes workers to unnecessary risk. It diminishes both retirement income security and Ontarians' ability to plan their retirement incomes.

Annuities are the only way to offload the risk of outliving your finances, to transfer that risk to a financial institution that can properly manage that risk. Annuities are an essential retirement planning tool, and Ontarians deserve access to such tools.

The potential double-dip is inappropriate, but repealing paragraph 42(1)(c) of the Pension Benefits Act, as proposed by schedule 15, is not the solution. Removing choice and flexibility is poor public policy. Schedule 15 should be withdrawn or amended so that purchases of guaranteed income annuities, payable for as long as Ontarians live and using current pricing, would still be permitted. But where an annuity can be purchased for less than the assumed cost under the pension plan, the Pension Benefits Act should ensure that any excess will remain in the pension plan for the benefit of other workers and not the benefit of former members who are receiving their full entitlement in the form of a guaranteed income annuity.

We have provided your committee and finance officials with some alternative wording for this proposal, and I would be happy to respond to any questions you might have.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you for your presentation. I guess my first question is, how did you even find out

about these hearings? Before they happened, I noted you had submitted your request to appear before they were even posted, and there were some very, very tight timelines based on the government's time allocation motion. In fact, the subcommittee just met yesterday around noon, advertised for all of a couple of hours and then here we are meeting today. I'm just curious about how you actually knew that this might be happening.

Mr. Ron Sanderson: Well, without being flippant, it is the business of people in the pension industry to watch pension legislation and financial legislation. We watch what's happening here and in other Legislatures across the country with great interest.

Mr. Norm Miller: You must do it on a daily basis, then.

Mr. Ron Sanderson: I would suggest more frequently than daily.

Mr. Norm Miller: Yes, okay. I guess, secondly, on this particular schedule 15, why do you think the government would put this provision into the bill? According to what I read in the bill's explanatory note, it says, "Currently, clause 42(1)(c) of the Pension Benefits Act enables a former member of a pension plan to transfer the commuted value of his or her deferred pension for the purchase of a life annuity. That clause is repealed on June 30, 2011." Why do you think they're making this move that prevents the ability of these former members to be able to buy annuities?

Mr. Ron Sanderson: It goes beyond the intent—and, yes, it does prevent access to buying annuities by those individuals. The concern has arisen due to a small number of individuals who have recognized that there is a pricing difference between the assumed price of that annuity within the pension plan—what's referred to as the commuted value—and the actual price out in the marketplace. If, in fact, the commuted value exceeds the actual purchase price of that annuity, then the question is, what do you do with the excess? The way the legislation is currently drafted, it is unclear, and some have suggested that individuals may, in fact, be able to pocket that difference, even though they're getting a full equivalent to the benefit they would have received under the pension plan by buying the annuity. Should they be able to access the plan twice? We don't think so.

0910

Mr. Norm Miller: Okay. The excess amount is payable to the former member. That's—

Mr. Ron Sanderson: That's right. That's the definition of commuted value, as opposed to the price of a replacement annuity.

Mr. Norm Miller: So your recommendation would be to just pull that section, schedule 15. Maybe I could ask the Chair or legal counsel: If we propose an amendment to remove that section of the bill, is that in order?

The Chair (Mr. Pat Hoy): That would be a question for legal counsel.

Mr. Norm Miller: Because usually, we do these things, then we get to the point of voting on them and

find out they're not in order. So I thought I would ask now.

Mr. Ron Sanderson: If I may, I would suggest, rather than withdraw schedule 15, there is a fix that is possible and would simply limit the amount that the former member of the plan would have access to to the amount necessary to purchase that replacement annuity. We've suggested some alternate wording.

Mr. Norm Miller: Okay. We have that?

Mr. Ron Sanderson: You do.

Mr. Norm Miller: Okay, because once again, it's an extremely tight time frame to make the amendments, and Monday is clause-by-clause. We'll have a look at those suggestions you made. And hopefully the government will too, because often, when I propose these things, they don't go anywhere, anyway. Thank you.

The Chair (Mr. Pat Hoy): And thank you for your submission.

Mr. Ron Sanderson: Thank you.

INJURED WORKERS' CONSULTANTS

The Chair (Mr. Pat Hoy): Now I call on the Injured Workers' Consultants community legal aid clinic.

Mr. John McKinnon: Thank you, Mr. Chair. If I may, I just discovered this morning that I'm losing my voice, so I'll just get a little something to help me along.

The Chair (Mr. Pat Hoy): It's the time of the season.

As you see, you have up to 10 minutes for your presentation, and there could be up to five minutes of questioning. Simply identify yourself for our recording and you can begin.

Mr. John McKinnon: Thank you, Mr. Chair, and good morning, members of the committee. My name is John McKinnon. I work with the Injured Workers' Consultants community legal clinic. My co-worker Marion is also going to be joining me in the presentation. I understand that she's just on her way in. As you may have heard, the subway system is down on the Bloor line, so a lot of people are coming here on foot. I apologize for that.

Interjection.

Mr. Peter Tabuns: Rob Ford again; they all say that.

Mr. Toby Barrett: No, it's Mike Harris.

The Chair (Mr. Pat Hoy): Order.

Mr. John McKinnon: I'm sure he'll fix it.

Our submission is limited to schedule 21 of Bill 135, and that's the schedule that deals with amendments to the workers' compensation legislation. There's a little bit of information in our submission about our community legal clinic. I'm sure that all of you have had the experience of meeting with injured workers in your constituency offices who have experienced financial difficulties as a result of getting benefits reduced or cut off in situations that seem a little bit unfair. I wish that—

Ms. Marion Endicott: Hi, John.

Mr. John McKinnon: Marion Endicott has just joined me.

Ms. Marion Endicott: Sorry. The subway's stopped.

Mr. John McKinnon: That's what we thought.

Unfortunately, due to shortage of time, we can't really develop the connection. Here, today, we're talking about a completely different end of a system, the funding of the system, but there is a connection between the presence of injured workers in all of our offices who are unhappy with decisions and with cuts on benefits and with the level of anxiety at the top of the workers' compensation system about the funding.

Let me just highlight some of the features in our submission, and Marion's going to cover some of them. The essential features of schedule 21 are: a legislative amendment to fully fund the workers' compensation system. At the same time, this amendment eliminates the requirement for the WSIB to raise the rates of employers in the event of an insufficiency of funds. Also, section 3 eliminates the safety net of a loan by the government to the Workplace Safety and Insurance Board in the event of an insufficiency of funds among the employers of Ontario, and section 4 eliminates the Minister of Labour's authority to issue policy directives.

Let me just start first with our concluding recommendation. Over the next year, as some of you may be aware, workers' compensation funding is going to be on trial in a public inquiry that was announced by the Workplace Safety and Insurance Board on September 30. At the end of this trial, Professor Harry Arthurs, who's been commissioned to hold the inquiry, is going to give his verdict, and it's either going to find in favour of a full-funding approach to workers' compensation or of a current-cost approach to workers' compensation funding.

By legislating full funding now through schedule 21, the government is writing the verdict before the trial has taken place. This is going to do irreparable harm to the public credibility of the process that the WSIB has begun, and it's going to discourage those who may wish to support steady-state or current-cost funding from participating in the review at all. That's why our recommendation is that the committee should delete schedule 21 from the bill. Remove any reference to workers' compensation from the bill and come back to this after the funding review has been completed.

A sort of second and alternative position that we mention in the brief, to relieve the provincial government and the Auditor General of anxiety over the potential liabilities of the WSIB, is that it would be okay to remove the safety net of a potential loan from the government to the WSIB. The WSIB has survived for the last 95 years without any financial difficulty, and it's really not necessary to have the government potentially on the hook for that loan. If it would solve the crisis of the day, then that would be an option.

Ms. Endicott and I are going to review some of the reasons for our recommendation—they're covered in more detail in our submission—but there is no WSIB funding crisis right now. What people refer to as the unfunded liability is not a debt; it's a future cost. Currently, the unfunded liability is calculated as roughly \$12 billion. That means that our workers' compensation system is roughly 55% funded.

The workers' compensation system was originally set up on the basis of the royal commission by Sir William Meredith. Employer representatives called for a current-cost funding system where the WCB would collect enough money from employers during the year to pay out the anticipated cost of benefits for the year. This was advocated by the Canadian Manufacturers' Association, and their actuary said that that was the lowest cost way to fund the system; lower than a fully funded system.

So Meredith recommended what we call steady-state funding today—a current-cost system with a reserve—and the compensation board was to determine how much that reserve should be. That is how the Ontario workers' compensation system has been funded for the last 95 years. It survived two world wars, the Great Depression of the 1930s, the recession of the 1990s, the recent economic tsunami of 2008 and everything in between.

We also comment in our submission that full funding works against the interests of employers. We don't think that Ontario's employers are better off to have a fully funded workers' compensation system, because that means taking an additional \$12 billion and tying it up in the WCB instead of it being left in businesses and in the economy until it's time to pay it out to injured workers. The new president of the WSIB said to the Standing Committee on Public Accounts earlier this year that the reserves of the board are sufficient to cover all the costs of all the claims on the books for the next 25 years. So it doesn't seem, in our view, to be in the interests of Ontario's economy or Ontario's employers to hand over \$12 billion today when the board will not begin to pay out any of it until 25 years from now.

Consider what would have happened in 2008 if the board had been fully funded. With \$25 billion in investments, it would have lost over \$4 billion in a flash overnight. That would have been a huge disgrace, and the only solution at that point would have been to go to the employers and say, "I'm sorry; you have to pay up again. We need another \$4-billion-plus to make up the shortfall." That's something to consider.

Also in our brief, we point out that injured workers have basically already paid to fully fund the system through the benefit cuts that were brought in in 1995 and 1998. Through some calculations that were done by the WSIB—we've included their chart in our submission—had the employers' rates been left the same in 1996, the unfunded liability would have been gone by the year 2006. Ontario would have a fully funded workers' compensation system because of the cuts to injured workers' benefits. However, the board, the government and the employers chose rate reductions instead of fully funding the system. Rates were reduced every year, and they're still about 25% less today than they were in 1996.

0920

We also ask you to consider the Canada pension plan, which has a funding system like the WSIB. I mentioned the WSIB is 55% funded while the Canada pension plan is about 22% funded now and its goal is to achieve a funding level of about 25%. The Canada pension plan is

highly regarded for its investment and funding strategy, but our WSIB is more than twice as well funded.

At this point, I'm going to pass it over to Ms. Endicott to deal with some of the problems that would arise if schedule 21 was enacted.

The Chair (Mr. Pat Hoy): You have about a minute and a half left.

Ms. Marion Endicott: Oh, boy. Well, let me very, very briefly say, then—and let's see how I can fill it in—that even though this may seem innocuous and it may seem like a financially responsible set of amendments to the Workers' Compensation Act, from our analysis, which comes from decades and decades of working with the system, these changes will actually increase complexity of the workers' compensation system; it will increase controversy, which I'm pretty sure you don't want; and it will definitely increase poverty. It will shift the burden further from employers paying for the system to injured workers paying for the system.

The reasons for that are described in the brief, but I think you probably all, as MPPs, have many injured workers coming to your doors, and you already know how, through various administrative means, injured workers end up being cut off their benefits when they really shouldn't be. These amendments call for a plan for the board to enact in order to deal with any funding issue rather than simply raising the rates.

We have appended the current legislation to this brief. You will see that a key aspect of it, besides the full funding, is to take out sections 96(4), (5) and (6), which is very plain and simple and requires the Lieutenant Governor, if there's any kind of financial crisis, to direct the board to raise the rates. That's how our system operates. Everybody knows it. It's simple. The bureaucracy's in place. There's no controversy.

Employers may not like having their rates raised. However, also in our brief, it shows that even though there is some claim that Ontario employers pay more, in fact, they don't. It's all relative. In other provinces, there's full coverage, and when there's full coverage, including a lot of the industries that pay much less, the average rate goes way down. So we look bad because we don't have full coverage, and that's one of the anomalies. You have to look at it industry by industry. We have a chart in here that shows industry by industry, and it shows Ontario as kind of right in the middle.

The other thing is coverage. This bill is all about families and managing responsibly. We predict that financially, it will be a disaster. But in terms of families, if you want to do something that addresses the finances of the board, bring in full coverage. That will really fill the coffers of the system and it will cover the 40% of workers in this province who are not currently covered by the system. You'll do two things at once that are good.

The Chair (Mr. Pat Hoy): Thank you. Now we'll move to the questioning. From the NDP, Mr. Tabuns.

Mr. Peter Tabuns: Thank you both for coming in today. Were there any other points that you wanted to make? I know you were given a very brief amount of time.

Ms. Marion Endicott: Yes. Basically, I think that a key point for you to know is, besides removing employer responsibility—which this does, and it’s fundamental to our system—it will really introduce complexity and uncertainty. Our system is so full of that already. You want something that decreases it, not increases it. You’re increasing it in an area where right now there is certainty and there isn’t complexity.

Then I guess the overall point is to summarize the point that John opened with: The WCB has put forward, under the direction of the government, a funding review, a year-long, very gold-star panel. The cart is before the horse here entirely. In fact, the ability of that review panel to do its work is totally undermined by this. We think it needs study. This is precipitous and the schedule should be deleted from the bill.

Mr. Peter Tabuns: When you say “government,” which minister? Or did the Premier appoint this panel?

Ms. Marion Endicott: The funding review panel?

Mr. Peter Tabuns: Yes.

Ms. Marion Endicott: It was actually, oddly, done through the Workers’ Compensation Board and that would come under the Ministry of Labour.

Mr. Peter Tabuns: And the mandate is to look at the option of full funding versus current funding? Are there other elements in that panel’s brief?

Ms. Marion Endicott: It’s also supposed to look at the whole incentive plans: experience rating, the nature of funding; whether we should have rate groups or whether we should go to a flat rate system.

What else, John?

Mr. John McKinnon: Well, there are a few other elements, like having a fund for occupational disease. It’s sort of like a comprehensive look at all of the issues related to workers’ compensation funding, except, so far, for the one important one that Marion mentioned, which is the extent of coverage of our workforce. That doesn’t seem to be on the agenda—at this point, anyway.

Ms. Marion Endicott: Which we’ve raised as a problem. Why isn’t it there?

Mr. Peter Tabuns: When is it due to report?

Mr. John McKinnon: I believe it’s November.

Mr. Peter Tabuns: Of next year?

Mr. John McKinnon: Yes, 2011. Professor Arthurs has outlined a process of fact-finding and then some travelling hearings across the province, and then a kind of review of his findings in quite a thorough process. It’s going to be taking place over the next year.

Mr. Peter Tabuns: I don’t have any further questions, but I have a request for legislative research. Mr. Chair, let me know when I can make that request.

The Chair (Mr. Pat Hoy): You could do it now.

Mr. Peter Tabuns: Excellent. Could we, on this committee, be provided with the mandate of the Arthurs panel so that we know exactly what responsibilities they have, the media release announcing it, setting up, and any comments made by the minister or the Premier upon its being set up made available to the whole panel?

Interjection: Yes.

Mr. Peter Tabuns: Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. John McKinnon: Thank you for hearing us.

INDUSTRIAL ACCIDENT VICTIMS’ GROUP OF ONTARIO

The Chair (Mr. Pat Hoy): Now I call on the Industrial Accident Victims’ Group of Ontario to come forward, please.

As you’ve seen, you have 10 minutes for your presentation. There could be up to five minutes of questioning following that. Simply state your names for our recording Hansard, and you can begin.

Mr. Alberto Lalli: Good morning, everyone. My name is Alberto Lalli. I’m a community legal worker at the Industrial Accident Victims’ Group of Ontario, a non-profit community legal aid clinic funded by Legal Aid Ontario. This is Mr. Joel Schwartz, our staff lawyer.

IAVGO, as we call it for short, was created in the 1970s by injured worker activists and, during those 35 years more or less, we have been trying to represent their interests to the best of our ability, and it’s in that capacity that we are here today.

Mr. Joel Schwartz: My name, for the record, is Joel Schwartz. Mr. Chair, members of the committee, we’re here today to raise two concerns that we have about schedule 21 of Bill 135, which of course is the schedule dealing with the amendments to the Workplace Safety and Insurance Act. Our concerns chiefly relate to the provisions dealing with the funding requirements for the board.

I should say from the outset that we agree entirely with the comments of Mr. McKinnon and Ms. Endicott, but I’m going to take a slightly different approach in my presentation.

As I mentioned, we have two main concerns. The first is that schedule 21 is a legislative solution where there’s no legislative problem. Let me begin by saying that there’s no crisis in the WSIB’s funding. There was never any threat that the WSIB would be unable to pay injured workers their benefits as they became due. There’s no serious threat that the WSIB will be unable to pay injured workers at some point in the future. The WSIB is not a private insurance company; it’s a statutory monopoly with the legislative power to increase premiums to raise funds. It’s not going to go bankrupt and it’s extraordinarily unlikely that there will ever be a day when the board has to pay out all of the present value of the claims in the system. So there’s no need to impose private insurance company requirements on a public institution.

0930

We acknowledge that there is room for improvement with the board’s funding, but there’s no need for legislation to do this. We note in particular that one of the provisions of the act which schedule 21 repeals, section 167, allows the Ministry of Labour, with the approval of the Lieutenant Governor, to issue binding policy direc-

tions on the board. Instead of using this straightforward mechanism, what we've got is about four pages of, frankly, quite convoluted legislation, which brings me to my second concern: It's unclear what the proposed amendments actually mean.

Around the same time of the announcement of the Harry Arthurs funding review, the stated intention of the government in Ministry of Labour press releases was to legislate what is commonly known as "full funding." It's not clear to us that that's what the legislation actually provides. We're not entirely sure what it means—and I should say that we spend virtually every day of our working lives working with this legislation.

So we're left now with a concept in 96(3) which deals with the sufficiency of the fund. That says that the board must maintain a fund so that the amount is sufficient to meet its obligations under this act, to make payments for benefits as they become due and to provide for future benefits. Members of the committee, what does "provide for future benefits" mean? It's a rhetorical question, obviously, but does it mean that the board has to be fully funded, meaning that it has to have all the money available, all of the assets available to pay the present value of all of the claims that are already in the system? That would be unfortunate for a variety of reasons. I should let you know that we haven't provided our written submissions yet—we will provide them by the end of the day—which will deal more with our concerns about this concept of full funding.

Again, as has been mentioned, Professor Harry Arthurs has been appointed to conduct a funding review of the WSIB, and he would be the appropriate person to deal with this question. He's going to have resources at his disposal and time to really deal with the issue. He's going to retain economists, actuaries and so forth; he's going to consult with stakeholders. IAVGO's position is we strongly recommend that the government wait to hear his recommendations before mandating a funding level.

Again, as I said, it's not clear that this legislation actually requires full funding. There's another possible interpretation, which is that the boards maintain the fund position such that it ensures that there's minimal risk of being unable to meet its benefit obligations in the future and that the details of how it does so will be sorted out in the regulations. If that's the correct interpretation, it's nothing new. There's nothing really different from what we already have in the act, which of course begs the question, why change it?

This question of what "sufficient to provide for future benefits" means isn't academic. There's billions of dollars of injured worker benefits and premiums that employers will have to pay at stake. If legislation really is necessary to address the board's funding levels, it needs to be clarified to prevent misinterpretation. So we ask the committee to recommend that schedule 21 be removed from Bill 135.

Those are our comments.

The Chair (Mr. Pat Hoy): Thank you. If you do put in a written submission before the time limit, make sure

the clerk has it, and she'll make sure all committee members have a copy.

Mr. Joel Schwartz: We'll make sure we do that.

The Chair (Mr. Pat Hoy): We'll now go to questioning from the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Mr. Schwartz and Mr. Lalli, for being here today and for your comments. I would echo the Chair's comment to please make sure you include all of your comments in your submission.

I wanted to pick up on a couple of things you talked about. Specifically, you mentioned that Mr. Arthurs is an appropriate person. I did want to start by saying that the proposed amendments do support the Arthurs review and consultation as he seeks stakeholder input. It shows just how serious we are about retiring the unfunded liability of the WSIB.

The amendments are crucial for consultation, and they show that we're the first government to support, by legislation, WSIB's goal to have a financially sustainable compensation system for Ontario businesses and Ontario workers. That said, would you agree that a financially stable workers' compensation system is in the best interests of all Ontarians?

Mr. Joel Schwartz: Without question. I think I would disagree, though, that a fully funded system is necessary to meet that target. Our position—and Mr. McKinnon mentioned it—is that steady-state funding is really all that should be required, which is essentially enough funding so that the board can meet all its obligations on an ongoing basis, and a bit of a cushion—the amount of the cushion would be open for discussion—to deal with contingencies.

Ms. Leeanna Pendergast: I'm interested in what role you would see the Industrial Accident Victims' Group of Ontario take and what role you would see yourselves taking in Arthurs' year-long review of WSIB funding.

Mr. Joel Schwartz: We certainly intend to participate. There have been consultation meetings already. We plan to provide written submissions and be involved, frankly, to the extent possible.

Ms. Leeanna Pendergast: I guess my next question is a segue to that: Do you think the prospect of allowing stakeholders to provide input to the length of time required to achieve sufficiency and determine the level of sufficiency is a positive approach and a requirement for Bill 135?

Mr. Joel Schwartz: I do. I think it makes sense. It's a very complicated issue. There are people, again, who work with these issues on a daily basis, who should really have the opportunity to be involved. I think Professor Arthurs is a good choice for someone to weigh all the countervailing arguments.

Ms. Leeanna Pendergast: Thank you very much for your expertise today and for sharing your time and your thoughts with us. We really appreciate it.

Mr. Joel Schwartz: Thank you.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

ONTARIO NETWORK OF INJURED WORKERS GROUPS

The Chair (Mr. Pat Hoy): I now call on the Ontario Network of Injured Workers Groups to come forward, please. For the committee, we have one person who is present, and there will be another person on teleconference. Can the person on teleconference hear us?

Mr. Steve Mantis: I can.

The Chair (Mr. Pat Hoy): Very good. Maybe I'll get you to identify yourself at this time for our recording Hansard. Could you just state your name?

Mr. Steve Mantis: My name is Steve Mantis. I'm the secretary of the Ontario Network of Injured Workers Groups.

The Chair (Mr. Pat Hoy): Very good. You can listen as we hear your deputation. Those here at the table have 10 minutes for your presentation, and there could be up to five minutes of questioning. I ask you to identify yourselves for our recording Hansard, and then you can begin.

Mr. Peter Page: My name is Peter Page. I'm president of the Ontario Network of Injured Workers Groups.

Ms. Patricia Reilly: My name is Patricia Reilly. I'm an injured worker and a member of the Ontario Network of Injured Workers Groups.

Mr. Orlando Buonastella: My name is Orlando Buonastella. I work for the IWC legal clinic. We're a resource to the network and also associate members of the network.

The Chair (Mr. Pat Hoy): You can begin.

Mr. Peter Page: I'll begin, and I think Steve Mantis will follow after my small presentation.

Thank you for allowing me the opportunity to present on this most important issue. As president of the Ontario Network of Injured Workers Groups, of course, I've met many injured workers. Our organization was founded over 18 years ago and was brought together to help injured workers navigate through the complex system that is the WSIB. I would also like to state that our organization believes and strongly advocates that the Workers' Compensation Board remains within the public domain, as it is presently. We do not want to see it privatized.

0940

Having said that, again, as president, I have met many injured workers during my tenure. I met Daryl, legs amputated at the hip, who worked in the railway; I met Tom, who fell 33 feet, broken back, working in construction; I met Steve, left arm amputated; I met Patricia, acquired brain injury; I met Michelle, broken right arm—useless; I met Sylvia, post-traumatic stress disorder; I met a young worker crushed by a steel plate, not yet into the working world and injured; I met another young worker poisoned by pool chlorine—at 20, she's unable to pursue her athletic career because she has severe asthma.

I could go on. My point is that these are the people the Workers' Compensation Board is supposed to help and protect; yet, employers want to renege on the historic compromise in 1913, where we gave up the right to sue

the employer in exchange for fair compensation. We feel that we've been under attack ever since that historic compromise was implemented by Sir William Meredith almost 100 years ago.

What kind of province do you, as members of Parliament, want: one like in China, where they kill 2,600 miners each year; or in Chile, where they just avoided a disaster by saving 33 miners, which talks about their health and safety issues; or in New Zealand, where 29 miners were killed? Imagine what we would say if that was in Ontario. The Christmas tragedy is at a very poignant point in time because we have the Tony Dean review coming up.

So health and safety—that's my point, that, yes, we should as a province be open to business and we should allow it to flourish. We should give them every opportunity, but at what cost? This province and the workers in it deserve health and safety; they deserve good-paying jobs. Most of all, when they fall ill or are injured, they deserve all the resources available to make their lives whole again—not cast out on the scrap heap of life like so many of our injured workers find themselves today.

I thank you, Steve, if you want to—

Mr. Steve Mantis: Thank you, Peter. I'd like to add to what Peter talked about. We have seen moves in successive governments that are very upsetting to us as injured workers. We are concerned that the government is abandoning the historic compromise that Peter mentioned. Ever since 1990, we have seen the system deteriorating. The system has become almost a fight over money between workers who are injured, disabled for life, and, in many cases, corporate America.

Since 1990, we have had over 250,000 workers end up with a permanent disability in Ontario—over 250,000. According to the WSIB's annual report in 2009, only 21,790 of those received benefits long-term; yet, the research shows consistently very high rates of unemployment. The research goes from 40% to 78% unemployment with the same group of workers. So even at a cautious number, we would be seeing over 100,000 workers who have become permanently disabled because of a workplace injury or disease receiving no benefits at all here in Ontario, and they have to rely on either their families or the government.

At the same time, the system has become more and more adversarial, so that employers and, more specifically, employer consultants, employer advisers, have created a huge business to try to manipulate the claims to reduce the costs to employers and, as a result, shatter the lives of thousands and thousands of workers every year.

We have seen the result of this. Once again, the research shows very high rates of depression and poverty among this group of workers—workers who had to work expecting just to put in their time, make their paycheque and support their families are now experiencing depression, mental health problems and poverty.

What does the government do? We have been asking the government to try to rectify this situation. They have said, "We can't introduce legislative amendments. It's

too difficult. It's too hard." But now we see they're coming forward with legislative amendments that basically, as far as we can tell, are a cover-your-ass type of approach. Rather than taking responsibility to make the system better, they're saying, "Oh, the Auditor General thinks that maybe we don't have it under control, and we have to make sure that we don't get criticized by the Auditor General."

They have consistently encouraged rates to be kept low by the rates that employers pay so that they're not really paying their cost, and then, when the whole thing kind of comes to a head, they go, "Oh, it's not our fault; it's not our fault." We think this is a real problem.

We want the government to take responsibility. We want them to affirm that it is a public system; that it is connected to our public government; and that it's supported through our public government to ensure that it doesn't move into an insurance system that—as we well know, no one really likes the insurance companies. That's not what we want in Ontario. We want to be able to hold up our heads and say, "We have a public system that looks after our citizens when they become injured and disabled," and we can all be proud of that.

I'd now like to turn it over to Patricia.

Ms. Patricia Reilly: The funding of the workers' compensation system is serious business because of the societal implications. It is the expectation of every child in this province that they will get an education and they will go to work in order to contribute to the greater good of our society. We ask the same of our immigrants. However, if said worker in Ontario gets hurt and has a resultant permanent injury, like the 13,000 to 14,000 workers in this province every year, they receive an indictment of poverty, as the WSIB wiggles out every which way to pay lawful and rightful benefits.

Many injured workers live off Ontario government supports, such as Ontario Works, Ontario disability in conjunction with their Canada pension plan, the Ontario drug benefit, drug benefits for seniors, OHIP, community care access and Legal Aid Ontario.

This political action today should be why Ontario taxpayers are on the hook for injured workers on these plans, while the WSIB evades their financial obligations to injured workers and wishes to do so even further. Evasion of lawful responsibility has allowed the WSIB to entertain a corporate culture of entitlement for all involved, excluding the rights' holders in the system: the injured workers. Full funding arises out of corporate culture.

The workers' compensation system in Ontario does not require full funding. Canada pension plan is funded at 29% levels. The recent review under Finance Minister Jim Flaherty, a Progressive Conservative, never suggested full funding of Canada pension plan in its recommendations. Full funding is a requirement of private insurance corporations that operate for profit.

The Chair (Mr. Pat Hoy): You have about a minute left.

Ms. Patricia Reilly: I did ask to speak on my own, and I'm speaking as an injured worker. My concern is

that at other committee hearings, injured workers were not allowed to speak to the all-party committee—public accounts—to address an unbalanced view of an unfunded liability and a move by the Workers' Compensation Board to reduce half of the long-term beneficiaries as a cost-cutting measure, and in no way should the system be looked at as a private corporation. It doesn't trade on the Toronto Stock Exchange; you can't buy it; you can't sell it. It's a public covenant between injured workers who gave up their right to sue and the province of Ontario, which assured us that we would receive a non-adversarial and just compensation system.

0950

The Chair (Mr. Pat Hoy): Thank you to our teleconference person, Steve.

Now we'll go to questioning, and it goes to the official opposition. Mr. Barrett?

Mr. Toby Barrett: Thank you to the network for testifying. You've indicated that this legislation is unnecessary and, I think in this instance, premature. I think you feel that there has to be some legislation, unless some of these problems can be resolved otherwise.

One issue that I wanted to raise was, you indicated that certain things had been done. There would not have been—and I'm using your words—unfunded liability by the year 2006, for example, if employers had not had a reduction in premiums and if the board had been allowed to have the money from reduced benefits. I'm assuming that money just went into general revenue. You also indicate that, because of that, small business has basically been at a disadvantage with respect to large corporations or larger entities.

I wonder if you could just explain that a bit, and secondly, your concept of unfunded liability versus debt. I read here that Harry Arthurs is looking at sufficiency of funding. Could you define those three terms from your perspective: sufficiency of funding versus unfunded liability versus debt, as some people refer to it?

Mr. Peter Page: I'll start off and maybe Steve can jump in and help me out.

I'm not an actuary, nor do I have any degree in business, but my perception, just as Patricia alluded to, is that the Canada pension fund is only funded at 29%, yet it's not in crisis. Somehow the Attorney General has made the unfunded liability a debt that could be transferred over to the books and cause a \$29-billion debt to Ontario and affect the markets in New York. That's my limited understanding of that—higher interest rates for us to borrow money. Yet it has never been done in the 93 or 94 years that workers' compensation has been in existence.

We don't view it as a debt; it's a liability that's never due. If Ontario's going to close its doors tomorrow and you have to pay everybody—all the injured workers—off, then you would have to have that money come due, but I don't perceive Ontario closing its doors any time soon. It has been around for—Steve, did you want to elaborate?

Mr. Steve Mantis: Yes. I think the other part of the question was the relationship of small business to the WSIB. From what we see, it is the large corporations that

are basically the ones profiting from the way the compensation system is going. They have seen—and you can see this, actually, across North America. They put pressure on you, as the legislatures in different jurisdictions, creating the image that injured workers are scammers and are taking advantage of the system, and benefits have been cut and reduced. That happened in 1998 with the passage of Bill 99 that created the assumption that people were taking advantage and that we need to have this system that is going to stop that. The facts and figures speak against that.

The big corporations with experience rating are able to manipulate the costs that they pay and end up with hundreds of millions of dollars back in their pockets. The small businesses do not have that capability and end up just paying their rates and dealing with a complex and confused system.

I got a call two days ago from an employer here in Thunder Bay that said, “Why is the system so complicated? It drives me crazy. Why don’t they just charge us a flat rate just like they do with Canada pension or employment insurance? That would make our lives so much easier.”

The Chair (Mr. Pat Hoy): You only have about a half a minute.

Mr. Toby Barrett: A flat rate. Anything else that should be done? As you’ve indicated, there’s inequity as far as either employees or small employers. Is there anything else that should be done beyond a flat rate?

Mr. Steve Mantis: Yes. The other is to have comprehensive coverage for all workers and all employers in Ontario. If we were to move to such a system, we would have a broader base of support. We’re a very interconnected economy. The banks and the insurance companies make profit out of manufacturing and resource extraction but are exempt from paying for any of the costs of the injuries that happen in those sectors. If everyone was paying collectively, we would have a stronger system, it would cost less on average per \$100 of payroll and I think we would have a system that we could support much stronger.

Mr. Toby Barrett: Okay. Thank you, sir.

The Chair (Mr. Pat Hoy): Thank you to those who are present and to you, Steve, for the presentation.

CANADIAN FEDERATION OF INDEPENDENT BUSINESS

The Chair (Mr. Pat Hoy): Now I call on the Canadian Federation of Independent Business to come forward, please. Good morning. I think you know how this is going to flow. You have 10 minutes for your presentation and there could be up to five minutes for questioning. Please identify yourself before the committee and you can begin.

Mr. Satinder Chera: My name is Satinder Chera and I’m the vice-president for Ontario with the Canadian Federation of Independent Business. I’m going to be speaking exclusively from the slide deck that you have in the kits before you.

Moving quickly on to page 2, overview of Bill 135, given that we found out about this bill going in late yesterday and I was working up until 1 in the morning trying to put this together, I thought I’d put a little humour together here. So I’m giving the government a thumbs up for providing small businesses with much-needed relief from rising hydro bills, but a thumbs down for rushing through changes to the WSIB with little notice or debate. In fact, given some of the previous presentations, all it really does is undermine the review that the government has already initiated.

On page 3, just by way of background, 94% of Ontario businesses have fewer than 19 employees. Page 4: It is our sector that continues to lead job growth in good times and in bad. The reality is that the economic fundamentals have dramatically changed. We’re not going to be able to rely on the US to pull us out of the recent economic downturn. Larger companies are cutting back and moving operations overseas. It is, in fact, the small businesses that are creating the jobs.

On slide 5, yesterday, we released our latest confidence indicator. Unfortunately, confidence amongst small business owners in Ontario is down as we head into the busy holiday season. Now on page 6: One of the reasons for this is the rising cost of fuel and energy.

On page 7, there’s been a lot that has happened in the system: the HST, smart meters, the green energy tax and then, of course, shifting of loads from residents and big businesses to smaller firms. It’s not a surprise that the cost burden on small businesses when it comes to hydro bills has gone up quite dramatically. In fact, if you look at slide 8, we asked our members recently, “How has your electricity usage changed over the past three years?” Most said that it had actually remained the same; 12% had seen a decrease. Yet when you go to page 9, by and large, the majority of our members have experienced increases on their hydro bills.

Moving on to slide 10, we actually think that the Ontario clean energy benefit is obviously a step in the right direction in that it provides businesses with much-needed relief. And I should say that the government does deserve credit for acknowledging the impact that its energy policies are having on small firms. We’re already hearing some good things from our members on the OECB, but let’s be honest: It is not a long-term solution to our rising hydro prices, shifting the cost from rate-payers to taxpayers. Essentially, we’re all going to have to pay it one way or another, and it does nothing to deal with the fact that most of our members are sitting ducks for increases going forward.

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In fact, when you go to slide number 11, when we talk about conservation, one of the key planks of the government’s strategy is the time-of-use metering, shifting your load from high peak to low peak. But when you go to slide number 12, when we’ve asked our members if they even have the ability to switch their load from on-peak to off-peak, 92% of our members are unable to do that. What that essentially means is that they have no ability to manage their costs. As the smart meters start to come into

play, they're going to pay a lot more. The reality is, the butcher is not going to be able to serve his customers at 3 o'clock in the morning. They're going to do it during the day, and that's when the rates are going to be at their highest.

I think this is something that needs to be addressed. In fact, on slide number 13, some of the existing programs that are in place for small businesses on conservation—most of our members don't even know about them, particularly the power-saving blitz.

On hydro, we think prices do matter and that we shouldn't accept that they have to go up to send the right signals. Based on the steps that small businesses have already taken, our hope is that new conservation tools will be brought into play that actually reflect the inability of small firms to shift their loads. In that sense, our hope would be that the government would slow down its implementation of the time-of-use metering.

Moving very quickly to the other part of the bill that concerns us, changes to the Workplace Safety and Insurance Board, what concerns us, I think, at a high level here is that it really undermines the process that the government has initiated. There's a year-long process. In fact, we just got a call from Harry Arthurs's office the other day that he's going to be holding two days of intense technical sessions in January to give a clear picture of the challenges that the board faces and what the potential options are. We're prepared to be fully engaged in that process. The challenge, of course, is that every time the government keeps making these sorts of decisions, it makes you wonder just how seriously that review is going to be taken by the government and whether it's just a PR exercise.

I would say also, if you look at slide number 16, that we know from our members that payroll taxes are job killers. This is one of the reasons the EI rates aren't going up as much as they could, because there is evidence to show that if you increase these types of taxes, it will cost the economy jobs.

Going to slide number 17, just a quick overview of where we think the system has fallen down. There's no question that there is a difference of opinion on whether or not the system is in crisis. I would say that, look, when we've gone from a \$5.6-billion unfunded liability to nearly \$14 billion, and we're hearing now that it could go even higher, that's not the way to run the system. In fact, we all want to make sure that the system is there for those who truly need it, at the same time being able to balance with the ability of employers to pay for it.

On slide number 18, the fact that the WSIB has already announced that rates are going to go up in 2011-12 only adds to the skepticism among our sector that this review that is under way is going to have any meaningful impact.

The short of it is that the government should respect its own review. In fact, Minister Fonseca himself appointed Harry Arthurs at the request of the WSIB, so the government certainly does have skin in this game and in this review that's taking place.

As opposed to moving forward and making these sorts of changes, our recommendation would be that the upcoming increases be cancelled and that the legislative changes that are being proposed today be excluded from the bill until such time as the review has actually reported back and there's been thoughtful conversation among Ontarians about the challenges that truly face the system and how they should be addressed.

Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for the presentation. The questioning will go to the NDP. Mr. Tabuns.

Mr. Peter Tabuns: Thank you for coming this morning—we'll be prepared in a very short period of time.

To go back to the Arthurs report, we too were very surprised that the government was bringing forward legislation that addressed very substantial issues while at the same time they'd launched this review. Will that review have any credibility in this area if this legislation goes forward?

Mr. Satinder Chera: If these sorts of piecemeal announcements keep coming out—in fact, I mentioned the rate increases. We went to Minister Fonseca and we said to the minister, "Look, we're prepared to sit down and have that adult conversation, if you will, with the government, with the review panel. We recognize this is an important part of our system. We want to make sure that it is there for those who truly need it, while at the same time respecting the fact that, at the end of the day, small businesses are already overwhelmed with so many other different obligations that are placed upon them that if the review is in place, then let's respect that process; let's allow that process to run its course. It's a year-long process."

We would like to, quite frankly, be able to go back to our members and put the options to them and have them make the decision on how they'd like to see the system, moving forward. But when you see these types of measures coming forward with little or no notice at all, we're literally scrambling to play catch-up. I don't think that helps the credibility of the review.

Mr. Peter Tabuns: You put together a report very quickly. Do most of your members know that, in fact, these changes are being considered in the Legislature?

Mr. Satinder Chera: No.

Mr. Peter Tabuns: I don't have any other questions.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Satinder Chera: If I can, Mr. Chair, just very, very quickly say, on your recent announcement of your retirement next year: Congratulations to you on a really successful career in public life. We've appeared before you many times and have always been impressed with the way you've conducted things. You should be very proud of yourself.

Mr. Toby Barrett: Hear, hear.

The Chair (Mr. Pat Hoy): Thank you.

For the committee, I'm informed that the next presenter has cancelled, and at 2 p.m., it was that exact same group, so we are adjourned.

The committee adjourned at 1007.

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Official Report of Debates (Hansard)

Monday 6 December 2010

Journal des débats (Hansard)

Lundi 6 décembre 2010

Standing Committee on Finance and Economic Affairs

**Helping Ontario Families and
Managing Responsibly Act, 2010**

Comité permanent des finances et des affaires économiques

**Loi de 2010 sur l'aide
aux familles ontariennes
et la gestion responsable**

Chair: Pat Hoy
Clerk: Sylwia Przewdziecki

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Monday 6 December 2010

Lundi 6 décembre 2010

*The committee met at 1400 in room 151.*HELPING ONTARIO FAMILIES AND
MANAGING RESPONSIBLY ACT, 2010LOI DE 2010 SUR L'AIDE
AUX FAMILLES ONTARIENNES
ET LA GESTION RESPONSABLE

Consideration of Bill 135, An Act respecting financial and Budget measures and other matters / Projet de loi 135, Loi concernant les mesures financières et budgétaires et d'autres questions.

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We are here for clause-by-clause consideration of Bill 135, An Act respecting financial and Budget measures and other matters.

At the onset, are there any questions or comments before we actually begin clause-by-clause? Hearing none, we'll go forward.

Committee, there are no amendments to sections 1 through 3: Shall they carry? Carried.

Now, this is a little different situation. There are no amendments to schedules 1 through 3. Is it the wish of the committee that they carry? Carried.

The other was sections; this was schedules, which can be quite lengthy.

Now we are at schedule 4, section 1; page 1 of your package. It is a government motion. Ms. Pendergast.

Ms. Leeanna Pendergast: I move that subsection 74.2(3.1) of the Corporations Tax Act, as set out in subsection 1(5) of schedule 4 to the bill, be amended by adding "on or after December 1, 2010" after "a qualifying trust may elect" in the portion before paragraph 1.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: If the member could explain what the logic for this amendment is, it would be appreciated.

Ms. Leeanna Pendergast: Section 74.2 of the Corporations Tax Act provides for the calculation of a tax in respect of benefit plans. The proposed amendments to section 74.2 of the act, included in schedule 4 to Bill 135 as introduced, would allow a funded benefit plan that is a qualifying trust to elect to be treated as an unfunded benefit plan. An unfunded benefit plan is subject to the tax at the time that benefits are paid under the plan rather than at the time that contributions are made to the plan. This amendment, together with a change to the com-

mencement date, would allow a qualifying trust to make the election on or after December 1, 2010. The amendments contained in the introduction version of Bill 135 would only allow the election to be made after royal assent. This change would be consistent with the definition of "qualifying trust," which refers to a trust established on or after December 1, 2010.

The Chair (Mr. Pat Hoy): Any other comments? Hearing none, I'll put the question. All in favour? Opposed, if any? Carried.

Shall schedule 4, section 1, as amended, carry? Carried.

There are no amendments to schedule 4, section 2: Shall it carry? Carried.

Now we have schedule 4, section 3; page 2 in your packet. Government motion. Ms. Pendergast.

Ms. Leeanna Pendergast: I move that section 3 of schedule 4 to the bill be struck out and the following substituted:

"Commencement

"(3) Subject to subsection (2), this schedule comes into force on the day the Helping Ontario Families and Managing Responsibly Act, 2010 receives royal assent.

"(2) Section 1 is deemed to have come into force on December 1, 2010."

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Shall schedule 4, section 3, as amended, carry? Carried.

Shall schedule 4, as amended, carry? Carried.

Now, I'm not talking about sections, I'm talking about schedules; 5 through 12 have no amendments. Is it the wish of the committee that those schedules carry? Carried.

Schedule 13, section 1 has no amendments. Shall it carry? Carried.

Schedule 13, section 2 has a number of amendments. The first one is on page 3: a government motion, Ms. Pendergast.

Ms. Leeanna Pendergast: I move that the definition of "consumer" in section 2 of schedule 13 to the bill be struck out and the following substituted:

"'consumer' means a person,

"(a) to whom an invoice is issued in respect of an eligible account for a billing period, or

"(b) who is prescribed by the regulations or who satisfies such conditions as may be prescribed by the regulations: ('consommateur')"

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed, if any? Carried.

Page 4 is a government motion.

Ms. Leeanna Pendergast: I move that the definition of "eligible period" in section 2 of schedule 13 to the bill be amended by striking out "or on such earlier day as may be prescribed by the regulations" at the end.

Mr. Norm Miller: Chair, if I could have an explanation, please?

Ms. Leeanna Pendergast: Absolutely. This amendment would provide that the OCEB program lasts for five years—as we've heard in debate, including debate from the NDP, with the same concerns, and I'm sure we'll concur—January 1, 2011, to December 13, 2015, by removing the option to end the program earlier by regulation.

The Chair (Mr. Pat Hoy): Any other comments? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Government motion, page 5.

Ms. Leeanna Pendergast: I move that section 2 of schedule 13 to the bill be amended by adding the following definitions:

"unit sub-metering" means activities that are unit sub-metering for the purposes of the Ontario Energy Board Act, 1998; ('activités liées aux compteurs divisionnaires d'unité')

"unit sub-meter provider" means a person who is licensed to engage in unit sub-metering by the board under part V of the Ontario Energy Board Act, 1998. ('fournisseur de compteurs intelligents d'unité')

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Carried.

Page 6: a government motion, Ms. Pendergast.

Ms. Leeanna Pendergast: I move that section 2 of schedule 13 to the bill be amended by adding the following subsection:

"Eligible account

"(2) For the purposes of this act, if a consumer would, but for this subsection, have an eligible account with a licensed retailer and with a licensed distributor, but only one of them issues an invoice to the consumer for a billing period for all amounts payable by the consumer to them for the billing period,

"(a) the consumer is deemed to have an eligible account for the billing period only with whichever of them issues the invoice for the billing period; and

"(b) the licensed distributor or licensed retailer who issues the invoice for the billing period is deemed to be imposing all charges and other amounts payable under the invoice for the purposes of determining the amount of financial assistance to which the consumer is entitled."

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The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Carried.

Shall schedule 13, section 2, as amended, carry? Carried.

Schedule 13, section 3: There is a government motion number 7. Mr. Delaney.

Mr. Bob Delaney: I move that clauses 3(1)(b) and (c) of schedule 13 to the bill be struck out and the following substituted:

"(b) the rates and charges set out in the applicable rate order issued by the board under subsection 78(3) of the Ontario Energy Board Act, 1998 that are not required under subsection (2) or the regulations to be excluded;

"(c) any charges related to an assessment under section 26.1 of the Ontario Energy Board Act, 1998;"

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Just an explanation, please.

The Chair (Mr. Pat Hoy): Explanation? Ms. Pendergast.

Ms. Leeanna Pendergast: This deals with benefit on pure electricity cost. Subsection 3(1) of the proposed act specifies amounts on the invoices of licensed distributors and licensed retailers that are included in the base invoice amount. This would attract the 10% OCEB. This amendment simplifies the references to delivery and regulatory charges by providing that all rates and charges set out in a rate order issued by the Ontario Energy Board are generally included in the base invoice amount. This motion was developed with the advice of the Ontario Energy Board.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Carried.

Government motion, page 8: Ms. Pendergast.

Ms. Leeanna Pendergast: I move that clause 3(1)(f) of schedule 13 to the bill be struck out and the following substituted:

"(f) the amount of harmonized sales tax payable under part IX of the Excise Tax Act (Canada) in respect of amounts that are included in the base invoice amount by reason of clauses (a) to (e) or the regulations."

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Carried.

Page 9: government motion, Mr. Delaney.

Mr. Bob Delaney: I move that clause 3(1)(f) of schedule 13 to the bill be struck out and the following substituted:

"(f) the amount of harmonized sales tax payable under part IX of the Excise Tax Act (Canada) in respect of amounts that are included in the base invoice amount by reason of clauses (a) to (e) or the regulations."

The Chair (Mr. Pat Hoy): My page nine is different.

Mr. Bob Delaney: Did I read—I'm sorry; I thought you said eight.

The Chair (Mr. Pat Hoy): Nine.

Mr. Bob Delaney: I beg your pardon, Chair.

I move that subsection 3(2) of schedule 13 to the bill be amended by striking out "and" at the end of clause (c) and by adding the following clauses:

"(c.1) the fixed monthly service charge payable by a generation facility, within the meaning of section 56 of the Ontario Energy Board Act, 1998, that is classified as

‘microFIT’ in a rate order issued by the board under subsection 78(3) of that act;

“(c.2) charges labelled as ‘specific service charges’ or ‘retail service charges’ in the applicable rate order issued by the board under subsection 78(3) of the Ontario Energy Board Act, 1998;

“(c.3) the amount of any harmonized sales tax payable under part IX of the Excise Tax Act (Canada) in respect of amounts excluded from the base invoice amount for the billing period under clause (c), (c.1) or (c.2) or the regulations; and”

The Chair (Mr. Pat Hoy): That’s on page 9. Any comments? Mr. Miller.

Mr. Norm Miller: Yes, an explanation, please.

The Chair (Mr. Pat Hoy): Explanation? Ms. Pendergast.

Ms. Leeanna Pendergast: The focus of this is to make sure that the consumer receives the benefit. This motion would exclude from the base invoice amount the distribution service charge paid by a microFIT generator and specific service charges, which are charges imposed by licensed distributors for one-time administrative activities. Examples include charges for customer administration, e.g., issuance of a duplicate invoice; non-payment of account, e.g., a charge for reconnection of electricity, and access to the power poles of a distributor; also retail service charges, which are a one-time administrative charge for services provided by a licensed distributor to consumers who have retail contracts, and the HST on these amounts or other amounts excluded from the base invoice amount by regulation.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I’ll put the question. All in favour? Carried.

Shall schedule 13, section 3, as amended, carry? Carried.

Page 10, government motion to schedule 13, section 4: Ms. Pendergast.

Ms. Leeanna Pendergast: I move that subsection 4(1) of schedule 13 to the bill be amended by striking out “or such other amount as may be determined under rules prescribed by the regulations” at the end.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Yes, an explanation, please.

Ms. Leeanna Pendergast: This again has to do with keeping the benefit at 10%. Section 4(1) of the proposed act entitles a consumer with an eligible account to receive financial assistance equal to 10% of the base invoice amount. This motion would remove the option to specify, by regulation, an amount of financial assistance that is different from 10% of the base invoice amount.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I’ll put the question. All in favour? Opposed? Carried.

Government motion, page 11: Ms. Pendergast.

Ms. Leeanna Pendergast: I move that clause 4(2)(a) of schedule 13 to the bill be struck out and the following substituted:

“(a) in respect of electricity consumed in generation station service; or”

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: An explanation, please.

The Chair (Mr. Pat Hoy): Could you explain for Mr. Miller?

Ms. Leeanna Pendergast: Yes. Again, this is to ensure that the consumer receives the benefit. Section 4(2)(a) of the proposed act states that a consumer is not entitled to financial assistance under the act for electricity consumed in generation stations service “within the meaning of the market rules.” This description of generation station service is similar to the description in the regulation prescribing the regulated price plan or the RPP classes.

It was determined through consultations with licensed distributors that industry has interpreted this provision to exclude all generation station service, not just those associated with IESO market participants governed by the market rules.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I’ll put the question. All in favour? Opposed, if any? Carried.

Page 12: government motion, Ms. Pendergast.

Ms. Leeanna Pendergast: I move that section 4 of schedule 13 to the bill be amended by adding the following subsections:

“Same

“(6) Subsection (7) applies if,

“(a) a consumer provides to another person electricity in respect of which the consumer is entitled to financial assistance under subsection (1); and

“(b) an invoice for the electricity is issued to the person by the consumer, by an agent of the consumer or by a unit sub-meter provider providing unit sub-metering for the consumer.

“Requirement to pass on benefit

“(7) Despite subsections (1) and (5), the consumer and every unit sub-meter provider providing unit sub-metering for the consumer shall ensure that each person who is liable to pay an invoice referred to in clause (6)(b) receives a credit, determined in the manner prescribed by the regulations, in respect of the financial assistance to which the consumer is entitled with respect to electricity the consumer provides to the person.”

1420

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I’ll put the question. All in favour? Carried.

Shall schedule 13, section 4, as amended, carry? Carried.

Schedule 13, section 5: government motion, page 13. Ms. Pendergast.

Ms. Leeanna Pendergast: I move that subsection 5(2) of schedule 13 to the bill be struck out and the following substituted:

“Invoice issued by consumer, etc.

“(2) An invoice that is issued by a consumer, an agent of a consumer, a unit sub-meter provider or another person prescribed by the regulations must be in the form required by the regulations and contain or be accompanied by the information required by the regulations.”

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Shall schedule 13, section 5, as amended, carry? Carried.

Page 14: government motion.

Mr. Bob Delaney: I move that subsection 6(1) of schedule 13 to the bill be struck out and the following substituted:

"Financial arrangements

"Purposes

"6.(1) The purposes of this section are,

"(a) to ensure that financial assistance under this act and the regulations is provided to those persons entitled to receive it; and

"(b) to authorize the making of financial arrangements to reimburse electricity vendors, and other persons prescribed by the regulations, for financial assistance provided under this act and the regulations."

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Carried.

Page 15: government motion, Mr. Delaney.

Mr. Bob Delaney: I move that clause 6(2)(b) of schedule 13 to the bill be struck out and the following substituted:

"(b) requiring the IESO to make payments to licensed distributors, or to persons prescribed by the regulations, in respect of financial assistance provided under this act or the regulations and prescribing methods for determining the amounts payable;"

The Chair (Mr. Pat Hoy): Any comment? I'll put the question. All in favour? Carried.

Government motion, page 16.

Mr. Bob Delaney: I move that clause 6(2)(d) of schedule 13 to the bill be struck out and the following substituted:

"(d) requiring a person who is an electricity vendor or a person prescribed by the regulations to make payments in respect of financial assistance to consumers or other persons entitled to receive the financial assistance and prescribing the circumstances in which such payments are to be made and methods for determining the amounts payable;"

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Carried.

Page 17: government motion.

Mr. Bob Delaney: I move that clause 6(2)(f) of schedule 13 to the bill be struck out and the following substituted:

"(f) requiring a person who is an electricity vendor or a person prescribed by the regulations to make payments to the Minister of Finance in respect of amounts received by them or in circumstances prescribed by the regulations and prescribing methods for determining the amounts payable;"

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Shall schedule 13, section 6, as amended, carry? Carried.

Sections 7 through 9 have no amendments. Shall those sections carry? Carried.

Government motion, page 18. Ms. Pendergast.

Ms. Leeanna Pendergast: I move that the definition of "overpayment" in subsection 10(1) of schedule 13 to the bill be struck out and the following substituted:

"'overpayment' means an amount received by a person in excess of any reimbursement to which the person is entitled under this act and the regulations. ('trop-perçu')"

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Opposed? Carried.

Government motion, page 19.

Ms. Leeanna Pendergast: I move that subsection 10(2) of schedule 13 to the bill be struck out and the following substituted:

"Notice of overpayment

"(2) If it appears to an inspector that a person has received an overpayment, the minister may send a written notice to the person advising the person of the following:

"1. That the person has received an overpayment.

"2. The amount of the overpayment and how it was calculated.

"3. The required steps to be taken by the person with respect to the overpayment.

"4. The date, not more than six months after the date of the invoice, by which these steps must be completed.

"5. That the minister has the authority to assess the person for the amount of the overpayment, plus interest, if the person fails to complete the required steps by the specified date."

The Chair (Mr. Pat Hoy): In number 4, you said "date of the invoice."

Ms. Leeanna Pendergast: "4. The date, not more than six months after the due date of the notice, by which these steps must be completed."

The Chair (Mr. Pat Hoy): Mr. Miller.

Mr. Norm Miller: Just an explanation of who this amendment applies to and also what particular inspector you're talking about in this amendment.

Ms. Leeanna Pendergast: This motion would ensure that this provision refers to a person who has received a reimbursement of financial assistance and not just to an electricity vendor.

Mr. Norm Miller: Okay, and who is the inspector that you're referring to? It says, "If it appears to an inspector that a person has received an overpayment..."

Ms. Leeanna Pendergast: I'm going to read you the entire explanation for 18 to 24, because they're all pretty much the same amendments. Section 10 of the proposed act sets out enforcement mechanisms where upon audit it's determined that an electricity vendor has received an overpayment. This proposed amendment and the following six motions to amend ensure that the section applies to any person who receives a reimbursement of financial assistance and not just to electricity vendors. This would enable these enforcement mechanisms to

apply to unit sub-meter providers if they are reimbursed for payments of financial assistance.

Mr. Norm Miller: Okay, so—

Ms. Leeanna Pendergast: Do you want further details?

Mr. Norm Miller: I'd like to know what inspector. Is it an electrical inspector? Is it—

Ms. Leeanna Pendergast: They will be inspectors appointed by the Ministry of Revenue.

Mr. Norm Miller: So it's a tax.

The Chair (Mr. Pat Hoy): Thank you. Any other comment?

Now, in number 4, when you corrected it, you made an error. You said "after the due date" rather than "after the date." So if you would read number 4 and number 5 again, please. Read them both—both 4 and 5.

Ms. Leeanna Pendergast: Yes, sir.

"4. The date, not more than six months after the date of the notice, by which these steps must be completed.

"5. That the minister has the authority to assess the person for the amount of the overpayment, plus interest, if the person fails to complete the required steps by the specified date."

The Chair (Mr. Pat Hoy): Thank you. Any other comment? All in favour? Opposed? Carried.

Page 20: government motion, Ms. Pendergast.

Ms. Leeanna Pendergast: I move that subsection 10(4) of schedule 13 to the bill be struck out and the following substituted:

"Assessment

"(4) If a person fails to complete the steps required in a notice under subsection (2) within the time specified in the notice, and any additional time requested by the person and permitted by the minister, the minister may assess or reassess the amount of the overpayment, or the outstanding balance of the overpayment, based on the inspector's calculation described in subsection (3)."

1430

The Chair (Mr. Pat Hoy): Any comment? I'll put the question. All in favour? Opposed? Carried.

Government motion, page 21.

Ms. Leeanna Pendergast: I move that subsection 10(5) of schedule 13 to the bill be struck out and the following substituted:

"Penalty

"(5) If the minister makes an assessment or reassessment under subsection (4) and is satisfied that the person's non-compliance with the required steps in the notice was attributable to neglect, carelessness, wilful default or fraud, the minister may assess a penalty against the person equal to the outstanding balance of the overpayment when the penalty is assessed."

The Chair (Mr. Pat Hoy): Any comment? I'll put the question. All in favour? Opposed? Carried.

Page 22: government motion.

Ms. Leeanna Pendergast: I move that subsection 10(6) of schedule 13 to the bill be struck out and the following substituted:

"Time limit

"(6) The minister shall not assess or reassess under subsection (4) more than 48 months after the end of the month in which the person received the overpayment."

The Chair (Mr. Pat Hoy): Any comment? All in favour? Carried.

Government motion on page 23.

Ms. Leeanna Pendergast: I move that subsection 10(7) of schedule 13 to the bill be struck out and the following substituted:

"Exception, where misrepresentation, etc.

"(7) Subsection (6) does not apply if the minister establishes that the person has made a misrepresentation that is attributable to neglect, carelessness or wilful default or has committed any fraud in supplying information under this act or the regulations or in omitting to disclose information."

The Chair (Mr. Pat Hoy): Any comment? All in favour? Carried.

Government motion on page 24.

Ms. Leeanna Pendergast: I move that subsection 10(8) of schedule 13 to the bill be amended by striking out the portion before clause (a) and substituting the following:

"Deemed debt retirement charge

"(8) An amount assessed or reassessed by the minister under this section is deemed for the purposes of the administration and enforcement of this act to be a debt retirement charge, as defined in subsection 85(1) of the Electricity Act, 1998, that has been collected, on the last day of the month in which the person received the overpayment, by the person as a collector appointed under subsection 85.3(1) of the Electricity Act, 1998 and, for those purposes,"

The Chair (Mr. Pat Hoy): Any comment? All in favour? Carried.

Shall schedule 13, section 10, as amended, carry? Carried.

There are no amendments to sections 11 through 14. Shall they carry? Carried.

Schedule 13, section 15; government amendment on page 25: Mr. Delaney.

Mr. Bob Delaney: I move that clause 15(1)(g) of schedule 13 to the bill be struck out.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Chair, an explanation, please.

The Chair (Mr. Pat Hoy): Can we have an explanation?

Ms. Leeanna Pendergast: It simply has to do with maintaining the 10%; no more, no less. Consequential to the proposed amendments in section 4(1), this motion would eliminate regulation-making power authorizing the payment of financial assistance to a consumer in an amount other than 10% of the base invoice amount.

The Chair (Mr. Pat Hoy): Any other comment? All in favour? Opposed? Carried.

Government motion, page 26.

Mr. Bob Delaney: I move that subsection 15(1) of schedule 13 to the bill be amended by adding the following clause:

“(i.1) requiring a unit sub-meter provider to provide financial assistance in respect of the cost of electricity and prescribing,

“(i) the circumstances in which the financial assistance is to be provided,

“(ii) the person or class of persons entitled to receive the financial assistance,

“(iii) the method of determining the amount of the financial assistance to be provided,

“(iv) the manner for paying or otherwise providing the financial assistance;”

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Opposed? Carried.

Shall schedule 13, section 15, as amended, carry? Carried.

There are no amendments to sections 16 through 20 inclusive. Shall they carry? Carried.

Shall schedule 13, as amended, carry? Carried.

Government motion, page 27: Ms. Pendergast.

Ms. Leeanna Pendergast: I move that subparagraph 2i of subsection 5(2.1) of the Ontario Municipal Employees Retirement System Act, 2006, as set out in section 1 of schedule 14 to the bill, be struck out and the following substituted:

“i. if the investment entity provides eligible services described in subsection 35.1(5), and”

The Chair (Mr. Pat Hoy): Mr. Tabuns?

Mr. Peter Tabuns: Could you tell us what that does?

Ms. Leeanna Pendergast: I could. The explanation will pertain to motions 27 to 30 as well.

Proposed subsection 5(2.1) of the Ontario Municipal Employees Retirement System Act, 2006, would authorize the sponsors corporation to determine whether employers who satisfy specified criteria may participate in the OMERS pension plans and the applicable conditions. In the case of an investment entity, one criterion provided for in subparagraph 5(2.1)2i of the proposed amendment is that it directly or indirectly supports the administration corporation in providing eligible services described in subsection 35.1(5) of the act.

This amendment would narrow the scope of subparagraph 5(2.1)2i by replacing the phrase “directly or indirectly supports the administration corporation in providing eligible services” with “provides eligible services.”

Mr. Peter Tabuns: So what you’ve done with this amendment is make it more difficult for employees of entities connected to OMERS to become members of the pension plan. Do I understand you correctly?

Ms. Leeanna Pendergast: It’s a technical correction. That’s all.

Mr. Peter Tabuns: Many things hide in technical corrections. Is this a technical correction that will reduce the number of people who can, in the future, take part in the OMERS pension plan, or will it increase the number of people who can participate in the OMERS pension plan?

Ms. Leeanna Pendergast: I’m going to see if we can get someone to give you an answer to that.

Mr. Peter Tabuns: That would be very good.

The Chair (Mr. Pat Hoy): Just state your name for Hansard and then you can continue.

Mr. James Sinclair: My name is James Sinclair; I’m director of legal services at the Ministry of Finance.

Mr. Peter Tabuns: Excellent.

Mr. James Sinclair: It’s not intended to narrow the scope. It’s simply intended to tighten up the way in which the proposed amendment was drafted. It’s not intended to narrow the field of eligible employees who could qualify for the OMERS plans.

Mr. Peter Tabuns: What error would have been there if the original wording had been allowed to stand?

Mr. James Sinclair: The original wording said “directly or indirectly,” and we’ve now taken that out. That was at the request of the OMERS folks themselves. This is something that is consistent with what they were looking to achieve in terms of the amendments.

Mr. Peter Tabuns: If I can parse through, “indirectly” is a problem because they wanted to be more precise about who would be eligible and who would not be eligible?

Mr. James Sinclair: Yeah, I think so. If you look at the body of the entire amendments, what they’re trying to capture are employees throughout a relatively complex group of companies that provide advice to the OMERS pension plan, and it was thought that the removal of the “directly or indirectly” and the way in which the other amendments have been drafted would get them to where they wanted to be.

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Mr. Peter Tabuns: Okay. Thank you for the answer.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I’ll put the question. All in favour? Opposed? Carried.

Page 28: government motion.

Ms. Leeanna Pendergast: I move that subparagraph 2iiA of subsection 5(2.1) of the Ontario Municipal Employees Retirement System Act, 2006, as set out in section 1 of schedule 14 to the bill, be struck out and the following substituted:

“A. in the case of an investment entity that is a corporation, directly or indirectly has beneficial ownership of the issued and outstanding shares of the investment entity representing more than 50% of the shareholders’ equity;”

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I’ll put the question. All in favour? Opposed? Carried.

Page 29: government motion.

Ms. Leeanna Pendergast: I move that subparagraph 3i of subsection 5(2.1) of the Ontario Municipal Employees Retirement System Act, 2006, as set out in section 1 of schedule 14 to the bill, be amended by striking out “directly or indirectly”.

The Chair (Mr. Pat Hoy): Any comment? All in favour? Carried.

Page 30: government motion.

Ms. Leeanna Pendergast: I move that sub-subparagraph 3iiA of subsection 5(2.1) of the Ontario Municipal Employees Retirement System Act, 2006, as

set out in section 1 of schedule 14 to the bill, be struck out and the following substituted:

“A. in the case of a corporation, directly or indirectly has beneficial ownership of the issued and outstanding shares—shares of any class—of the corporation representing more than 50% of the shareholders’ equity.”

The Chair (Mr. Pat Hoy): Any comment? All in favour? Carried.

Shall schedule 14, section 1, as amended, carry? Carried.

NDP motion, Mr. Tabuns?

Mr. Peter Tabuns: I move that schedule 14 of the bill be amended by adding the following section:

“1.1(1) Subsection 6(1) of the act is amended by adding the following paragraphs:

“4. Any other classes of persons, association of persons or entities as may be provided for by the sponsors corporation.”

“(2) Subsections 6(2) and (3) of the act are repealed and the following substituted:

“Ineligible employees

“(2) A person who contributes to a pension plan under the Ontario Public Service Employees’ Union Pension Act, 1994, the Public Service Pension Act or the Teachers’ Pension Act is not eligible to be a member of the OMERS pensions plans.”

The Chair (Mr. Pat Hoy): I’ll stop you there. I would just like to inform the committee that the motion would open section 6 of the Ontario Municipal Employees Retirement System Act, 2006. This section was not previously open in Bill 135. An amendment that opens a section of an act not open in the amending bill is out of order, so therefore the amendment on page 31 is out of order.

Do you have any comment?

Mr. Peter Tabuns: I always prefer that the Chair rules in my favour rather than rules my amendments out of order. As you might understand, I do feel badly, but I understand you’re moving on.

The Chair (Mr. Pat Hoy): Now we move to page 32.

Mr. Peter Tabuns: Given 31 was defeated, I will not go further and I will withdraw 32.

The Chair (Mr. Pat Hoy): He’s withdrawn page 32. Thank you.

All right, then. Shall schedule 14, section 2 carry? Carried.

Schedules 15 through 16, inclusive, have no amendments. Shall they carry? Carried.

I skipped a section. Schedule 14, section 3 has no amendments. Shall it carry? Carried.

Then shall schedule 14 carry?

Interjection.

The Chair (Mr. Pat Hoy): As amended? I’ll put it again. Shall schedule 14, as amended, carry? Carried.

I did schedules 15 through 16, which have no amendments. Sections 1 through 14 of schedule 17 have no amendments. Shall they carry? Carried.

Shall schedule 17—oh, we do have an amendment. Page 33: government motion, Mr. Ramal.

Mr. Khalil Ramal: I move that section 15 of schedule 17 to the bill be struck out and the following substituted:

“Commencement

“15.(1) Subject to subsections (2), (3) and (4), this schedule comes into force on the day the Helping Ontario Families and Managing Responsibly Act, 2010 receives Royal Assent.

“Same

“(2) Subsections 1(2), (4), (6), (7), (8) and (10) are deemed to have come into force on December 1, 2010.

“Same

“(3) Section 2 is deemed to have come into force on July 1, 2010.

“Same

“(4) Subsection 3(2) is deemed to have come into force on November 18, 2010.”

The Chair (Mr. Pat Hoy): Any comment? Hearing none, all in favour? Carried.

Shall schedule 17, section 15, as amended, carry? Carried.

Shall schedule 17, as amended, carry? Carried.

There are no amendments to schedules 18 and 19, inclusive. Shall they carry? Carried.

We’re on to schedule 20, section 1. Government motion on page 34: Mr. Ramal.

Mr. Khalil Ramal: I move that section 1 of schedule 20 to the bill be amended by adding the following subsection:

“(3.1) Paragraph 7.1 of subsection 23(1) of the act is repealed and the following substituted:

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““7.1 Subsection 103.1(7) and clause 103.1(9)(b) with respect to taxation years ending after December 31, 2010.”

The Chair (Mr. Pat Hoy): Any comment? If you would read the last—

Mr. Khalil Ramal: Yes. “Subsection 103.1(7) and clause 103.1(9)(b) with respect to taxation years ending after December 31, 2010.”

The Chair (Mr. Pat Hoy): Thank you. Any comment? All in favour? Carried.

Shall schedule 20, section 1, as amended, carry? Carried.

Sections 2 through 19 of schedule 20 have no amendments. Shall they carry? Carried.

Schedule 20, section 20, does have an amendment from the government. Page 35, Ms. Pendergast.

Ms. Leeanna Pendergast: I move that subsection 20(5) of schedule 20 of the bill be amended by adding the following paragraph:

“2.1 Section 11.”

The Chair (Mr. Pat Hoy): Any comment?

Ms. Leeanna Pendergast: I’d like to make a comment. Section 11 of schedule 20 of Bill 135, as introduced, would add subsection 104.12(22.0.1) to the Taxation Act, 2007. The proposed subsection in Bill 135, as introduced, would specifically allow Ontario sales tax transition benefit payments to be garnished under the Family Orders and Agreements Enforcement Assistance

Act of Canada. Under the proposed paragraph 2.1 of subsection 20(5) of schedule 20 of the bill, section 11 of the bill would come into force on proclamation.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, all in favour? Carried.

Shall schedule 20, section 20, as amended, carry? Carried.

Shall schedule 20, as amended, carry? Carried.

Now we have a notice of vote on page 36. Do you want to put that, Mr. Tabuns?

Mr. Peter Tabuns: I do indeed. The NDP recommends voting against section 1 of schedule 21.

We were very surprised when we read this bill and saw these very large-scale changes to the Workplace Safety and Insurance Act. There have not been public hearings on this. As you are all well aware, another Mr. Arthurs was appointed to a panel to review the WSIA and there was a general expectation in the community, both by unions, injured workers and by companies, that it was within the context of that panel that the problems related to funding of the plan, related to the payments to injured workers, would be dealt with. Frankly, given the consequence of the act for the lives of many, that would have been a far more proper channel.

What is astounding to an awful lot of people is that the Arthurs panel has, in effect, been prejudged by this legislation. What has been brought forward changes the way the WSIB functions. So one has to ask, what is the rationale for proceeding with these changes without either waiting for the Arthurs panel to report or, in the alternative, having full hearings? This is a Monday afternoon, just before Christmas, with a bill that is time-allocated. Very few people really know about it, so I think that the proper thing for this committee to do is to reject this whole schedule, starting with this particular section. But I would ask the government, why would anyone treat Mr. Arthurs and his panel as credible, given this legislation you've brought forward?

The Chair (Mr. Pat Hoy): Any other comment?

Ms. Leeanna Pendergast: I'd just like to respond to Mr. Tabuns and say that the changes that we propose, in fact, are supportive of the Arthurs review and provide the regulations that are necessary to facilitate the Arthurs panel and the Arthurs review and recommendations. So the government does support sections that comprise this schedule of the bill.

The Chair (Mr. Pat Hoy): Mr. Tabuns.

Mr. Peter Tabuns: If, in fact, this is your vision of the WSIA, the Workplace Safety and Insurance Act, can you tell us when the hearings were held in public for all those who will be affected by the changes to have their say? Were there hearings?

Ms. Leeanna Pendergast: We're going to get you some information.

Mr. Peter Tabuns: I'm happy to have others comment.

The Chair (Mr. Pat Hoy): Identify yourself for Hansard, and then you can begin.

Mr. Nick Robins: My name is Nick Robins. I'm in the policy division of the Ministry of Labour.

To provide a bit more information about the legislative amendments, if the bill is passed, the bill would need to be proclaimed to come into force. There are various regulation-making authorities under the proposed amendments, and some of those authorities deal with the subject of Mr. Arthurs's consultations. For instance, one regulation-making authority under 100(c) would allow the LGIC to prescribe the amount of the insurance fund required to make the fund sufficient by the prescribed date.

These are some of the topics of the consultations that Mr. Arthurs is leading. What has been described as the intent here is the Arthurs consultation would be providing some valuable information that could then be considered.

Mr. Peter Tabuns: Maybe it's because I'm new around here, but generally, before you bring forward a law, around here you generally have some level of consultation with the stakeholders. Unless you're prepared to surprise me in the next few minutes, I don't remember any hearings on reshaping the law. Can you inform me of any hearings that were held?

Mr. Nick Robins: I cannot.

Mr. Peter Tabuns: None?

Mr. Nick Robins: The primary purpose of the Harry Arthurs consultation is to assist in informing some of the key questions related to the regulations that would be able to be made under the legislation, if passed.

Mr. Peter Tabuns: Can you tell me now that the regulations that will come forward will protect all injured workers from any reduction in their benefits?

Mr. Nick Robins: The legislative amendments that are proposed to the Workplace Safety and Insurance Act do not contain any provisions that would negatively affect workers' benefits.

Mr. Peter Tabuns: And that's the opinion of the government, that workers will be fully protected?

Interjection.

Mr. Peter Tabuns: Nodding is not adequate. I need someone to speak up.

Ms. Leeanna Pendergast: Yes, Mr. Tabuns. Yes.

Mr. Peter Tabuns: So if, in fact, it's found that there are financial problems with the WSIA, the government will ensure that the changes that are needed are not going to be done on the backs of workers. Is that correct?

Ms. Leeanna Pendergast: That's correct, Mr. Tabuns. Full funding will not be achieved on the backs of injured workers.

Mr. Peter Tabuns: So this schedule—and I apologize to you, witness. I find it very frustrating that we have an act before we have the consultations. As you might imagine, I don't think that's the proper order of things, but I will go back to the parliamentary assistant.

We're in a situation where you're going to bring forward this act, and you're saying that the regulations that can be made by cabinet will be so far-ranging that they could, in fact, go against the spirit of what's in the schedule. Is that correct?

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Ms. Leeanna Pendergast: What I'm saying, Mr. Tabuns, is that these regulations have to be made. The Arthurs committee hearings that we're talking about will support the eventual regulation changes so that when the committee comes back after their consultations and hearings, we will be able to implement the recommendations, and that's what we're doing now.

Mr. Peter Tabuns: I appreciate you answering the questions. I'd like to just say I think that a process where you bring forward the legislation before you've actually held the consultations is really bad process. It is not good lawmaking. It makes everyone who is involved in the process nervous, including the Canadian Federation of Independent Business, because they have to ask themselves, "Are the major parameters of the changes already set before we even step up and testify?"

I appreciate the assurances from the government that workers will be protected. I look forward to holding the government of the day to that statement that no changes will be made on their backs, that there will not be reductions in their payments because of a change in the financing, that this whole approach will keep them whole and, in fact, address some of their underlying problems. I look forward to that in fact being the case; I hope that is the case.

I have to say to you that I still urge this committee to vote against this because, notwithstanding those reassurances, I don't believe that this is the way that one should be making law and I don't believe that, having set forward a structure, one can adequately, in the regulation-making process, protect workers.

I would ask for a recorded vote on this, Mr. Chair.

The Chair (Mr. Pat Hoy): Very good. Any other comment?

I just want to advise the committee that the reason for notice rather than motion is that if the committee wishes to remove an entire section of the bill, the rules of parliamentary procedure require that the committee vote against the section rather than pass a motion to delete it. Now what I would do is ask, shall schedule 21, section 1, carry?

Ayes

Arthurs, Delaney, Flynn, Pendergast, Ramal.

Nays

Norm Miller, Tabuns.

The Chair (Mr. Pat Hoy): It carries.

There's another notice to vote. Mr. Tabuns?

Mr. Peter Tabuns: The NDP recommends voting against section 2 of schedule 21.

Chair, I've made my arguments; the government has made its. I would ask for a recorded vote.

The Chair (Mr. Pat Hoy): Thank you. Is there any other comment? Ms. Pendergast.

Ms. Leeanna Pendergast: I'm sorry, I did have a comment that I wanted to make when Mr. Tabuns was speaking and it's pertinent, I think, to all of the recommendations. It's just to follow up on your comment about cabinet. The government will recommend that cabinet proclaim legislation into effect only after the conclusion of the Arthurs consultation.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Peter Tabuns: No. I think the arguments have been made. I appreciate the clarification.

The Chair (Mr. Pat Hoy): And you would like a recorded vote on this.

Mr. Peter Tabuns: Yes, I would, Mr. Chair.

The Chair (Mr. Pat Hoy): Okay, then. Shall schedule 21, section 2, carry?

Ayes

Arthurs, Delaney, Flynn, Pendergast, Ramal.

Nays

Norm Miller, Tabuns.

The Chair (Mr. Pat Hoy): The section and schedule have carried.

A notice again by Mr. Tabuns.

Mr. Peter Tabuns: The NDP recommends voting against section 3 of schedule 21.

The arguments have been made. Recorded vote, please.

Ayes

Arthurs, Delaney, Flynn, Pendergast, Ramal.

Nays

Norm Miller, Tabuns.

The Chair (Mr. Pat Hoy): It carries.

Schedule 21, section 4: Mr. Tabuns.

Mr. Peter Tabuns: The NDP recommends voting against section 4 of schedule 21. Recorded vote, please.

Ayes

Arthurs, Delaney, Flynn, Pendergast, Ramal.

Nays

Norm Miller, Tabuns.

The Chair (Mr. Pat Hoy): Carried.

Schedule 21, section 5: Mr. Tabuns.

Mr. Peter Tabuns: The NDP recommends voting against section 5 of schedule 21. Recorded vote, please.

Ayes

Arthurs, Delaney, Flynn, Pendergast, Ramal.

Nays

Norm Miller, Tabuns.

The Chair (Mr. Pat Hoy): Carried.

NDP notice to vote against: Mr. Tabuns.

Mr. Peter Tabuns: The NDP recommends voting against section 6 of schedule 21. Recorded vote, please.

Ayes

Arthurs, Delaney, Flynn, Pendergast, Ramal.

Nays

Norm Miller, Tabuns.

The Chair (Mr. Pat Hoy): Carried.

Shall schedule 21 carry?

Mr. Peter Tabuns: Recorded vote.

Ayes

Arthurs, Delaney, Flynn, Pendergast, Ramal.

Nays

Norm Miller, Tabuns.

The Chair (Mr. Pat Hoy): Carried.

Shall the title of the bill carry? Carried.

Shall Bill 135, as amended, carry? Carried.

Shall I report the bill, as amended, to the House?
Carried.

Committee is adjourned.

The committee adjourned at 1508.

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Also taking part / Autres participants et participantes

Mr. Nick Robins, policy manager, Ministry of Labour

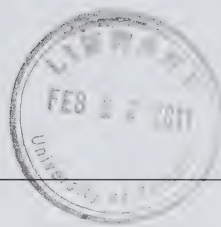
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of Ontario**

Second Session, 39th Parliament

**Assemblée législative
de l'Ontario**

Deuxième session, 39^e législature

Official Report of Debates (Hansard)

Monday 24 January 2011

Journal des débats (Hansard)

Lundi 24 janvier 2011

**Standing Committee on
Finance and Economic Affairs**

Pre-budget consultations

**Comité permanent des finances
et des affaires économiques**

Consultations prébudgétaires

Chair: Pat Hoy
Clerk: Sylwia Przedziecki

Président : Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Monday 24 January 2011

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Lundi 24 janvier 2011

The committee met at 0900 in the Hilton, London.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We're pleased to be in London this morning.

CITY OF LONDON

The Chair (Mr. Pat Hoy): Our first presentation is by the city of London. Gentlemen, you have 10 minutes for your presentation. There will be up to five minutes of questioning coming from the official opposition in this round. If you could just identify yourselves for the purposes of our recording Hansard, then you can begin.

Mr. Joe Fontana: Thank you, Mr. Chairman, and welcome, all provincial members, to the city of London. I'm Joe Fontana, mayor of London, and Grant Hopcroft is our director of intergovernmental affairs.

I want to take this opportunity to thank this committee for making London your first stop and for inviting a number of different delegations from southwestern Ontario. Hopefully by the end of my presentation and this committee asking for recommendations, you may not have to go anywhere else, in terms of hearing our representations or having additional money. So let me thank you again, and let me thank our members, Khalil Ramal, Deb Matthews and Chris Bentley, for their hard work.

As I'm sure all of my other presenters to follow will say, we have an incredible partnership with the province. I think there's a great recognition that the provincial government, municipal governments and federal government have one task, and that is to make sure that each and every tax dollar we receive is well spent on the priorities that move us toward not only fiscal responsibility but, more importantly, how in fact we can move toward economic sustainability.

I don't believe I have to tell you that difficult times continue to place a heavy burden on the city of London and the province as a whole. While the unemployment rates in London and the surrounding area have improved just slightly from the past year, we continue to have 8.7% unemployment and have been hit very, very hard, as you know, especially in the manufacturing sector, where we continue to lose some very well-paid jobs in the city of London and throughout southwestern Ontario. We know

that London isn't alone in these economic difficulties, and we acknowledge that the deficit situation of the province of Ontario affects its ability to provide increased funding.

For the second year, we would like to propose a strategy of co-operation to protect the gains that have already been made with the municipalities, including London, and to minimize the impact of any new costs, and the implementation of no-cost policy changes that will benefit both the province and the municipalities.

We want to thank the Ontario government for the changes it has made in recognition of municipal needs and aspirations and such. We are grateful for the amount of support that the government of Ontario, including the Legislature, has provided to municipalities in terms of economic stimulus money, the recent uploading of certain social assistance and court security costs, and the allocation for capital repairs to our social housing units under our social housing renovation and retrofit program.

I think our submission is pretty extensive and comprehensive, and therefore I will not read the whole presentation. But we do want to emphasize a number of things. One is protecting the gains that we've already made with the partnership with the province. The city of London will continue to benefit from the uploading of costs for provincial social and health programs, which will remove some of the tax burden from London taxpayers. Therefore we would hope that there is absolutely no change, understanding the deficit position of the province, but we are partners and we are serving the same people, so we urge you to maintain what we've already gained in the past.

We do want to cover some issues that, if we're not careful, could add to the municipal burden, and those are phased approaches to some of the regulatory costs that in fact have been put forward by the province.

As you know, some of the costs in long-term care, especially even at our own Dearness Home, have risen, from 18% to 26% of the total costs. On a per day basis, our costs have tripled, while the province's share has not even doubled. Therefore, we would hope that the Long-Term Care Homes Act, which was passed in 2006, will continue to drive local costs. As you know, we all have a collective responsibility to make sure our seniors are in fact looked after.

Water and waste water utilities need appropriate integration and implementation plans during the transition,

and again, some of the regulations that have been contemplated could add substantial costs to our municipal assessment base.

We would like to emphasize that new standards and arbitration-driven settlements for our emergency services are significantly driving up the costs of providing these services. As a specific example, policing standards have been implemented that promote significant changes to the workload.

While we commend the Ontario government for leadership taken in removing certain barriers for people with disabilities through the initiatives related to the Accessibility for Ontarians with Disabilities Act, we in the city believe, again, that to achieve those milestones, we need to make sure that integrating some of these regulatory requirements is done in a phased manner.

We would like also to mention a couple of things.

The Ontario Municipal Employees Retirement System Act, 2006, could cost as much as an additional \$10 million annually to the London taxpayers, with no additional benefit at all. While the legislation will enrich employee retirement incentives and will provide significant incentives that will promote early retirement, in the short term significant cost increases and early retirements could create an inability on the part of those municipalities to fill the gaps in labour and have an impact on service levels for a broad range of municipal services.

The fourth section that we address is no-cost policy changes.

Again, we highlight safeguarding and sustaining Ontario's water act, waste diversion, and extended producer responsibility with regard to making sure the producer in fact has more of the burden with regard to the environment.

We want to see the recovery of costs from our drug lab cleanups. As you know, even in the city of London we have a number, unfortunately, in the midst of our municipalities where in fact these labs are being created. Therefore, while we and our police services move to extract these from our neighbourhoods, the fact is that it is putting a very onerous pressure on our police services, and we very much would like to be able to recapture some of those costs by virtue of an arrangement that we can make.

Again, safe water and conservation legislation needs to be looked at.

As well, I will cover off that we need amendments to the arbitration section or direction—preferably even legislation, for that matter—as it relates to dealing with our emergency services, those being police, fire, and emergency workers. There's no doubt that some of these costs and some of these awards are unsustainable for every municipality. Therefore, we would like the province to take leadership, if not by legislation then obviously by putting in place in the arbitration system a recognition that parity amongst municipalities, while it might sound very good, is an impossibility to achieve, because every municipality has its own needs. Therefore,

we would want you to seriously consider putting in place directions to the arbitrators that in fact local conditions are taken into account and local affordability is taken into account so that we can deal with these increasing pressures that we have.

0910

Lastly, I think it's important to tell you that in these still very difficult economic times, while we can appreciate that we have to all be very careful with our taxpayers' dollars, the fact is that we're not out of the woods yet. Our unemployment rate continues to be very high, not only here in London and southwestern Ontario but throughout the province. Therefore, in terms of balancing budgets, it's not only making sure that we're spending and investing wisely but, more importantly, that we have a growing economy. Therefore, while we understand the pressures with regards to budget, we also understand that you can't completely eliminate those investments by the province for municipalities or to make sure that our economy is very strong. We are most appreciative of the economic stimulus provisions or programs—

The Chair (Mr. Pat Hoy): You have about 30 seconds left.

Mr. Joe Fontana:—that have been put in place, and therefore, we want to let you know that in the city of London we have a number of initiatives that move us toward economic development and prosperity and jobs. A strong London and a strong southwestern Ontario mean a strong Ontario.

Therefore, we have plans for an advanced manufacturing research park; an international water excellence centre; the London Gateway, which is essential to moving our trade across our borders; a downtown campus; medical device initiatives; high-speed rail we believe is essential to southwestern Ontario. Obviously, we play a part with the Southwest Economic Alliance, where we believe there is a unique opportunity to market ourselves to the world as southwestern Ontario. Therefore SWEA, of which most of the people presenting here are members, believes that we have a lot to offer the world. We are very competitive, we have the infrastructure, we have the talented people, and therefore anything that this committee can do to emphasize to the government that economic stimulus—wise spending is the key to moving forward and making sure that our people can work and that we have a growing economy and that we can all balance our budgets.

Thank you very much to this committee. I'm prepared to answer some questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to the official opposition. Mr. Miller.

Mr. Norm Miller: Mayor Fontana, thank you for your presentation, and Mr. Hopcroft.

I guess to begin with, you were talking about increased regulatory costs. Specifically, I think you were relating that to long-term care. Can you expand on that a little bit for me, please?

Mr. Joe Fontana: Sure. Perhaps I could have Mr. Hopcroft add some sort of meat to the issue.

Mr. Norm Miller: Thank you.

Mr. Grant Hopcroft: Thank you very much. The new act and the regulations that have come with this have imposed new nursing care standards and so on. The cost formula has not kept pace with the increasing costs that have resulted both from the increased needs of the residents under the new regulations and meeting those new standards.

Mr. Norm Miller: So the new act has put an increased burden on the long-term-care homes and it's costing more than the funding you're getting to implement the act. Is that correct?

Mr. Grant Hopcroft: They are long-term-care facilities. They're health care facilities now to a much greater extent than they were in the past. There's a recognition of that in those new standards. Our concern is that the cost-sharing and the reimbursement to municipalities and to other service providers has not kept pace with the demands that those regulations and increasing wages have led to.

Mr. Norm Miller: And what's the status of the waitlists to get into your long-term-care homes? Is that increasing, decreasing, stagnant?

Mr. Grant Hopcroft: We have significant turnover. The length of stay for most residents—because we only see the people with the highest needs getting into our homes. They're not there for very long, unfortunately. So we don't have an issue with filling the beds.

I'm sorry, I don't have specifics as to what the waiting list is, but if that's something you'd like me to get back to you with, I can do that.

Mr. Joe Fontana: If I could just add, there's no doubt that we need additional beds, and if we don't get them, obviously what tends to happen is that they stay in our hospitals that much longer, and as you know, it just starts to back up the whole system.

I know I didn't spend an awful lot of time speaking about our health care, but London is a health care leader and a centre, and there's no doubt that from our waiting lists, as you know, some of our hospitals now have had to shut down their emergency facilities or urgent care facilities because we just can't find enough doctors.

Our submission does speak to a whole range of that continuum of health care which is directly related to long-term beds and the cost of long-term beds and how in fact the province could assist in making more beds available for the purpose of making sure that the whole system continues to work.

There's no doubt that the new regulations and new costs have driven up the municipal costs of long-term facilities.

Mr. Norm Miller: Another point you made that you could expand on for me: You were talking about OMERS, and I think you said that there was a \$10-million additional cost with no benefit in it. I didn't quite follow that, so if you don't mind explaining that to me, that would be great.

Mr. Joe Fontana: It's part of page 5 in our submission. Perhaps Grant might want to just cover that off.

Let me just say that during 2010, the OMERS Sponsors Corp. announced a temporary 2.9% three-year contribution increase for employees and employers beginning in 2011, and that temporary rate increase is in response to a report on sudden steep funding shortfalls. In most cases, as a result of the 2008 global credit crisis and the latest stock markets, the temporary rate increases will be implemented over a three-year period. We believe that those should essentially be employee responsibilities and not necessarily the employer. Hence, city of London, as an employer, is directly responsible for those increases, and obviously they impact, as we said, to the tune of about \$10 million per year as our responsibility.

Mr. Norm Miller: The city—you have to take on. You also—

The Chair (Mr. Pat Hoy): Thank you.

Mr. Norm Miller: I guess that's the end of my—

Mr. Joe Fontana: Thank you.

The Chair (Mr. Pat Hoy): Thank you for appearing before the committee.

Mr. Joe Fontana: Thank you very much, and welcome again.

CAMBRIDGE HEALTH COALITION

The Chair (Mr. Pat Hoy): Now I call on the Cambridge Health Coalition to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. If you would state your name for our recording Hansard, then you can begin.

Ms. Jade Campbell: Thank you. My name is Jade Campbell. I'm a lifelong resident of Cambridge, and I'm here on behalf of the Cambridge Health Coalition. I'd like to thank you for the opportunity to present our case or our document to you.

Cambridge lies between London and Toronto, along the 401 corridor. Cambridge has a population of 120,000—it could be up to 130,000. That was according to the 2006 census. It is an amalgamation of the city of Galt and the towns of Preston, Hespeler and the hamlet of Blair.

I'd like to discuss Ontario health spending and how it relates to Cambridge. In terms of health spending, Ontario spending per person is actually lower than almost all of Canada. Despite the government's crisis rhetoric, per capita public health care spending in Ontario is the second lowest in all of Canada. The lowest is Quebec.

While this government continues to support privatization and rationing of needed care while proclaiming that health care is eating up more of the provincial budget, what it fails to note is that the total budget has been decimated by more than a decade of tax cuts, and those tax cuts are continuing.

There is evidence that the current hospital cuts are a false economy, resulting in new user fees, new transportation costs, new municipal ambulance costs, new

restructuring costs and a burgeoning private consulting industry. The evidence is now overwhelming that budget constraints are resulting in privatization of formerly public and non-profit services and privatization of the payment for former hospital services. Moreover, the evidence shows that current cuts are increasing Ontarians' risk of poor health outcomes and even death. I've provided a table of the costs per person.

0920

Health care budget constraints have fallen on hospitals first. The provincial government has funded hospitals at less than the rate of inflation for three years consecutively, forcing hospitals to restructure. The result is seemingly endless hospital restructuring leading to shortages of in-patient beds, lack of continuity of care, cuts to needed clinics and care, long waits and cancelled surgeries. In the last two years, province-wide, up to 80% of hospitals have faced deficits. Cuts are affecting hospitals of every size—large, medium and small—in every region of the province. The requirement to eliminate deficits in a context of planned underfunding means that hospitals have announced layoffs of thousands of staff. In addition, hospitals have been forced to reduce or cut entirely core services in every region of the province.

I'd like to discuss health care as it relates to Cambridge. Cambridge Memorial Hospital is a medium-sized hospital which provides the following essential health care services: emergency, general surgery, medicine, obstetrical, pediatrics, same-day surgery, chemotherapy, palliative, and in-patient and mental health—but they're in transition right now.

The state of health care in Cambridge has resulted in service reductions and clinic closures. We're underserved, there are bed overloads, there is a lack of nursing home beds, and a capital project that has been on hold since 1996.

The impact to the community: The efficiencies sought through health care have meant an erosion of health care. Patients are waiting in emergency departments overnight, or even for days. There is an increased fear that care won't be there when people need it.

I'll give you an example. I was talking to one of our family docs, and I asked him—because there has been an influx of flu—why there are more flu cases, and he said, "This is the busiest year I have ever had." I said, "Why? There are flu shots." I know there's been a reduction in people taking flu shots, and he said that people are not taking their flu shots because there's a disconnect in the electorate with the info that's being provided by the government. People do not trust the government to take their flu shots, which increases the number of patients going to family docs. The evidence shows that if you take a flu shot, it is beneficial for your health.

My personal opinion is that there is a disconnect; for example, the eHealth fiasco and the delisting of services, such as physiotherapy and eye care. There are not enough family docs, if you look in all of the communities. Urgent care clinics are closing. I know for my area that the

urgent care clinic closed. There's a cause and effect: It means that people go to emergency, which increases the wait time in emergencies, and it increases the resources that are scarce in a hospital.

Patients are forced out of the hospital too early and without adequate care. It also means that you have more readmissions because people are not being provided for. Patients are cared for in holding areas or inappropriate settings because of hospital crowding. I know that Cambridge Memorial is in a surge capacity and on any given day is running four to five beds over their limit.

Patients are forced to travel greater distances for care. For example, our alternate level of care patients are having to go to nursing homes distant from their community. Women's services have been reduced or closed, such as breast screening and lactation.

There have been service reductions and clinic closures. For example, our pain clinic: It's in flux. It's undetermined whether we're going to be able to sustain it. I'll give you an example: In our community, one of our pain clinic specialists was approached by a doctor in Kitchener who has a practice of 2,000 patients. He is retiring and he asked if he could take over his clinics or his practice—2,000 patients—when we're downsizing our own pain clinic. It means that 2,000 patients are going to be referred back to their family doctors, and family doctors are already hard-pressed to provide services for the clientele that they already have.

The Chair (Mr. Pat Hoy): You have about a minute.

Ms. Jade Campbell: Okay. There has been reduction of outpatient physio; the diabetes clinic has been reduced; occupational therapy has been closed, and the hand clinic.

The history of rehab services for Cambridge: In 1996, the Health Services Restructuring Commission review identified that there was a need for mental health and rehab services. The city of Cambridge has raised \$6.3 million towards its contribution for the hospital capital project.

Specifically, I'd like to point out that our stroke victims do not have outpatient rehab services. Kitchener and Waterloo have the Freeport Health Centre, with a 300,000 population. Guelph has St. Joseph's, at a population of 115,000. Brantford has the BGH rehab centre, at a population of 90,000. Cambridge has none, with a population of 130,000. There are mobility problems for our stroke victims to attend if they're accepted into these other clinics.

I'd like to go to my recommendations:

- approve the much-needed capital project for Cambridge Memorial Hospital. It has been on hold since 1996;

- provide the necessary services for the community;

- restore hospital funding to a minimum to meet hospital inflation and to stop service cuts;

- measure and meet the need for medically necessary services in all settings, including home care, long-term care, and mental health, palliative and restorative care;

—curb excessive administrative and executive costs in health care, specifically the LHINs; and

—cancel competitive bidding for P3s and pay-for-performance hospital funding.

I thank you for this opportunity. I'll answer any questions if there are any. I'll get back to you if I can't answer them.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the NDP and Mr. Tabuns.

Mr. Peter Tabuns: Jade, thank you very much for coming in this morning and making this presentation.

There are two questions I have. The first is about the stroke rehabilitation clinic. You noted that hospital cut-backs of outpatient rehab services were justified because there were alternative services in the community, and those have now all disappeared?

0930

Ms. Jade Campbell: The service was referred to the YMCA fitness for function program. At one point, I did talk to our YMCA director, and he said that in the beginning, Cambridge did provide some physio services, but that has dwindled down to nothing.

I did talk to somebody who transitioned from strenuous stroke rehab who went to the YMCA, and he told me that it wasn't the best because he was competing with normal people for the bicycle. It diminished his self-worth—stroke creates those kinds of things: depression and all of those other things. He felt he was basically competing for machinery with yuppies. He didn't think it was an appropriate setting for that kind of program.

If you look at stroke recovery, it's supposed to be physiotherapy. The best practices will tell you: physiotherapy every day.

Mr. Peter Tabuns: Has there been any move on the part of the Ministry of Health or the hospital to reopen this rehab clinic in the hospital because, in fact, the services don't exist out in the wider community?

Ms. Jade Campbell: The mayor actually had a meeting with Sandra Hanmer from the LHIN to discuss it. That was back in June, and they were studying it. I don't understand how you study something when best practices across the country have been established, standards have been established, and we're just talking.

Mr. Peter Tabuns: Okay. If I have time, Mr. Chair—the recommendations around P3s: Can you speak just briefly about the impact of P3 financing on provisional hospital services?

Ms. Jade Campbell: I don't have the figures before me, but there is a great deal of information on P3s and how they are to the detriment of health care and how they cost Ontarians more in the end. I can provide that documentation, if you would like.

Mr. Peter Tabuns: If you could provide it to this committee, I would appreciate it. It could be circulated.

I don't have further questions, Mr. Chair.

The Chair (Mr. Pat Hoy): Thank you, and thank you for your presentation.

Ms. Jade Campbell: Thank you.

CHRISTIAN FARMERS FEDERATION OF ONTARIO

The Chair (Mr. Pat Hoy): Now I call on the Christian Farmers Federation of Ontario to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning, coming from the government side in this round. If you'd just identify yourself for our recording Hansard, you can begin.

Mr. Henry Stevens: Thank you, Mr. Chairman. I'm Henry Stevens and I'm president of the Christian Farmers Federation of Ontario. I happen to be a poultry producer from the Palmerston area. Thank you for this opportunity to appear before you this morning.

The Christian Farmers Federation of Ontario thanks Minister Duncan for inviting us to share our thoughts on where the provincial government should be focusing its finances in the year ahead. While we recognize that this is not a year where new spending initiatives should be undertaken lightly, there is at least one program that farmers in this province need today, and several areas where it's critical that your government support be maintained. I'm sure this is nothing new for most of you.

The most critical need for agriculture at this time is provincial funding of a permanent business risk management program, based on the cost of production. As you know, some of our sectors have been in dire straits the last number of years, particularly the pork and beef sectors. They've met a number of challenges that are beyond our control, and that's why they are in such dire straits.

Primary agriculture is the foundation of arguably the largest and the most important private sector industry in this province. Many facets of that foundation are on the verge of collapse after years of loss and a suite of current business risk management programs that cannot help with a sustained downturn. It's critical for our government to recognize just how many other industries benefit from a healthy primary agriculture sector and the sheer number of jobs that could be impacted.

First, there's the supporting infrastructure that enables farmers to do their business. A few examples of this are the feed mills, the equipment dealerships, the fertilizer suppliers, a substantial portion of the trucking industry, the banking institutions that supply capital to farmers, and all the jobs tied to those industries. Then there are the businesses that are further up the chain. The processing and further processing sectors in this province provide a substantial number of urban jobs that help keep our cities prosperous. Ontario has built one of the largest and best further processing clusters in North America. That sector is threatened when the farmers that supply it are losing their farms due to costs that simply cannot be recovered from the marketplace at this time. While some of the raw materials for those processing facilities may be sourced from further afield, eventually it will make more sense to move the facilities closer to where the remaining farmers are located.

Failing to maintain the underpinning primary production that is the basis of the food processing sector could lead to the long-term loss of thousands of jobs, not just for rural residents but for urban ones as well. We ask that our provincial government step forward and provide the leadership and support that our agriculture industries need to thrive in the coming year and for years to come. We believe that a healthy primary agriculture system will result in a healthy rural Ontario, as history has shown it always does.

The CFFO is very appreciative of the government funding from both the provincial and federal coffers that has allowed some of Ontario's processing plants to make improvements to their facilities. The cost-shared investment approach is vital to keeping our processing sector on the cutting edge and viable in the long term. CFFO wants to encourage our government to maintain this level of support moving forward.

CFFO also believes that our provincial government can play a crucial role in supporting research into import replacement, targeting the specific dietary preferences of our diverse and growing ethnic community. Investing in this emerging opportunity and building capacity to access this market would greatly help many farmers and consumers connect in a meaningful way.

CFFO recognizes that in a time of high government deficits, cost cutting will come into play somewhere down the line, but we hope that the provincial government does not turn its eyes towards cutting back on the support for or the number of rural schools and hospitals that currently exist. These institutions are the heartbeat of their communities, and must remain so. And it's very important to understand that rules made in Toronto do not work in rural Ontario.

Our rural roads must also be maintained at an acceptable level. Rural commerce depends on good roads, as do the ever-increasing numbers of people who commute from the rural areas to their jobs in the city. We're all aware of the pressure that our municipalities have been under in trying to raise enough assessment dollars to continue covering their roads and responsibilities.

Access to modern communication systems is as important to the rural communities as it is to the urban communities. We must bring high-speed broadband access to all our rural communities as soon as possible, not only for the business community but also for our students especially. This will allow our rural students to be competitive with their urban counterparts.

CFFO has been a strong proponent of the concept of environmental goods and services programs for many years. Farmers and other landowners are increasingly being asked to provide environmental benefits for the rest of society. These public benefits often cost the farmers in terms of time and money, with no means to recover the costs from the marketplace. The development and expansion of alternative land use services pilot projects, such as the one under way in Norfolk county, is sought by the CFFO as the next step in developing a system that rewards farmers for providing broad public benefit for all

Ontarians. CFFO would like a financial commitment from our government to develop a series of these projects in various regions of the province, featuring various ecologies as the next step in establishing a province-wide program. CFFO would be pleased to work with OMAFRA and the Ministry of Finance to develop such programs.

I'll answer some questions, if I can.

0940

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to the government side. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you for being here with us this morning. I find your presentation is really quite interesting and thoughtful. I have a couple of questions, if you don't mind just elaborating on some of your comments.

Your opening comment that the province needs to maintain support is a great opening comment. I have a rural riding myself: Kitchener-Conestoga. I have all three townships in the rural riding, so a lot of what you're saying here really hits home.

You talk about a permanent business risk management program. Can you elaborate on how that would affect farmers and the whole idea of the business of farming?

Mr. Henry Stevens: As in any business, farmers need the assurance, going forward, that the government will be there to support them. They need to know that the government supports agriculture and is willing to stand behind them and do what it takes to support primary agriculture in Ontario.

It's very easy to import everything we need; we can do that. But we believe, and the message that we're getting is that Ontarians want a local agricultural community in this province to maintain a strong, healthy sector. That's what we can accomplish through a business risk management program that farmers can count on in times of need.

There are many times when it will cost the government absolutely nothing, but there are times like when the pork industry was hit by H1N1, incorrectly called swine flu—that devastated the pork industry, through no fault of their own. The rising exchange rate devastated the pork industry because they export approximately 50% of their production. In those cases, we need some kind of help.

Ms. Leeanna Pendergast: That actually leads into my next question. Just at the bottom of the page, the last three lines are excellent: "We ask that our provincial government step forward, and provide the leadership and support that our agriculture industries need to thrive in the coming year and for years to come." Would you say that there are priorities? I see that you've listed several things here, but are there immediate things you'd like the government to look at in terms of support for the next year and then down the road?

Mr. Henry Stevens: From the agricultural perspective, it's simply a risk management program. That's what we need, number one.

From the rural perspective, I think the high-speed and the broadband access for all our people is very important.

It not only hurts our businesses in our rural communities, it hurts our students. It hurts everybody.

Ms. Leeanna Pendergast: You talk about the processing sector, and thank you for that. In my riding, Conestoga College received support for that. I think sometimes we don't really understand the implications of how important that is to other jobs and business in the community—and of course, a local meat plant in my riding as well.

Your next comment was about research into import replacement. Are you aware of any research that's going on currently or any areas of the province where this is a stronghold in research? Or would this be something that is—

Mr. Henry Stevens: I've heard some talk that the University of Guelph is looking into doing some research in this area.

As we are all aware, the ethnic community is really growing by leaps and bounds, and their food preferences are different than our traditional Caucasian food preferences. There are a lot of things that they would like to be able to source locally and which we could grow locally, but we're not equipped for it. We don't have the technology to know how to do it.

Ms. Leeanna Pendergast: It's a whole new world there. Fascinating.

How am I doing on time, Chair?

The Chair (Mr. Pat Hoy): One minute.

Ms. Leeanna Pendergast: This man means business up here.

I wanted to talk about the tax cuts and the tax package and how that has affected farmers. A lot of people don't think of farming as a business, but it is—and the idea that tax cuts actually help farmers to run their business and getting their business inputs back.

You talk about farmers providing broad public benefits for all Ontarians and the series of projects that you could work on in partnership. Has the CFFO done any work on that yet? You're looking forward to OMAFRA and the Ministry of Finance to develop—

Mr. Henry Stevens: When we first started talking about this whole idea of environmental business services approximately 10 to 12 years ago, we drafted a list of activities that could fall into a list and you could somehow prioritize those and attach—we had it work almost like a point system, where this particular activity may be worth five points and that worth 10 points, that kind of thing. Funding would be determined according to that point system.

Nothing has come out of that. We've presented the options to the government ever since we started talking about it, and so far we haven't seen any response on the part of the government. But we think it's something that—in fact, I would almost go so far as to say that it would have been money better spent than some of the other things that are happening under our green energy policy right now.

Ms. Leeanna Pendergast: You say this is over the last 12 years that you have developed this?

Mr. Henry Stevens: Yes.

The Chair (Mr. Pat Hoy): Thank you.

Ms. Leeanna Pendergast: So all governments. Is it possible you could forward that?

Mr. Henry Stevens: I can do that, yes. I'll do that.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Henry Stevens: Thank you, Mr. Chair, and members of the committee.

MS. TERESA ARMSTRONG

The Chair (Mr. Pat Hoy): Now I call on Teresa Armstrong to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning, which will come from the official opposition in this round. I just ask you to identify yourself for our recording Hansard. You can begin.

Ms. Teresa Armstrong: Thank you very much for allowing me to speak this morning. My name is Teresa Armstrong, and I am here to speak as an ordinary citizen who wants my community of east London to get its fair share in the next provincial budget. I am a mother of two, a registered insurance broker by profession, and a long-time resident in east London. I care deeply about the current welfare of my community. I care even more strongly about the world my children, and one day my grandchildren, will inherit.

I love my community. On most scales of economic measurement, such as average family income and employment rates, east London is one of the poorest regions in the province, yet it is a proud, resilient community. There are good, hard-working people here, proud Canadians, caring parents, the sort of ordinary people who are the core of our society, the sort of people who should feel secure that their government will return their hard-earned tax dollars to support and nurture their community. Unfortunately, they are increasingly feeling they are being overlooked and ignored by the government they elect.

I am not here to talk about economics or political theories. I am here to talk about specifically what we in east London and in the rest of Ontario need to see reflected in the upcoming budget.

Let me focus on one crucial area: the affordability of life for ordinary Ontarians.

Let's start with the HST. I am not against taxes. I am against the wrong sort of taxes, the taxes that put more burdens on the poorest people in our society. It may not be a burden for wealthier people in more prosperous areas of London to pay an additional tax on basic life essentials like heating our homes, or personal care products. It sure affects the people of east London. Progressive taxation geared to income is the fairest way to fund the essential programs that governments must provide to support vibrant, strong communities. The HST is not geared to income. It has a punitive effect on the most vulnerable in our society. Quite frankly, it is a disgrace in a democratic society to increasingly add to

the tax burden on the poorest while finding more and more ways to relieve the most wealthy of paying their fair share. If the HST is here to stay, at least do not apply it to areas like home heating and other life essentials that our most vulnerable citizens are already struggling to afford.

0950

Electricity has become a basic life necessity, yet projected future costs for home electricity show immense increases. I'm not here to get into the debate about nuclear power or why a seemingly energy-rich province like Ontario has energy problems. I am not an expert on alternative forms of energy. I want to see the clear beginnings of concerted and effective government plans to ensure affordable energy for now and the future. It is simply not good enough to make future power costs so high that ordinary citizens such as retired people on fixed incomes, the working poor and families struggling to raise their children have to pay the costs for bad or lacking government planning. Bad energy policy will hurt our economy and our ability to finance government services.

I am very concerned about affordable housing. Individuals and families need stable and affordable housing as a basic foundation to build their lives. Investments in affordable housing create jobs, support strong communities and give families a secure foundation to become positive and productive members of their community. Yet successive Conservative and Liberal governments have virtually stopped or severely reduced investments in co-ops and other forms of affordable housing. Government-supported affordable housing is a basic reality in many jurisdictions, including an earlier Ontario. East London needs this sort of sensible, affordable and basic government support.

We need affordable, regulated and universal government-supported child care. It is a basic reality in many other countries and in the province of Quebec. Most families need two incomes to survive, and they need to know that their children are safe, secure and supported in a quality daycare while they are earning the income their families need. Single parents are particularly vulnerable. How can a single mother go back to school or hold a steady job if her children are not in affordable daycare? Why do so many women face the reality that their jobs earn little more than their daycare costs? Investments in affordable government-supported child care create jobs, free women to make their fullest contribution to their communities and help build strong communities. If there is a political will, affordable, government-supported and regulated child care can and must be a reality.

We are very concerned about health care. Since our public health care system was created some 50 years ago, we have taken it for granted. Does it need fixing? Yes. Are there answers? I will rely on organizations like the Ontario health care coalition to provide the specifics. But one example: Hospitalization is very expensive; supported home care much less so. I hear governments

talking about smarter spending, but let's see the specific programs. Let's see real support for expanded home care, especially for the elderly. Let's see support for community health centres with allied health professionals supporting the work of doctors. Let's see the programs to provide more doctors, especially family physicians.

I have mentioned job creation more than once. There are those who would have us believe that corporate tax cuts create jobs. Really? Corporate tax cuts create more wealth for corporations. Corporate tax cuts rob governments of their revenues—a strange thing to do when we are running a deficit. I want to see an increase in well-paying and secure jobs in east London, jobs in building affordable housing, jobs in child care and home care for the elderly, and manufacturing jobs supported by an effective government job-creation strategy.

It is a challenge for students to finance their post-secondary education in east London. The financial burdens connected with post-secondary education are virtually insurmountable for many working families. OSAP provides some support, but at best our children start off their working lives deeply in debt. At worst, they face setbacks in pursuing their educational goals, and are left only with high personal debt. Again, the examples in other jurisdictions are clear: Investments in education are investments in strong, vibrant communities. In many countries, post-secondary education is at least much more affordable.

The Chair (Mr. Pat Hoy): You have less than a minute for your presentation.

Ms. Teresa Armstrong: Thank you.

A fraction of the projected corporate tax cuts would do miracles in supporting post-secondary education opportunities. In the next budget, let's see specific measures to start doing better for our children.

Let me mention one other key topic not tied so directly to affordability, but certainly key to maintaining strong communities. At least one east London school is threatened with closure. Yes, I realize that education is controlled by the local school boards, but after the Harris government's crippling of local school boards, they have virtually no ability to raise funds for local education needs and priorities. The education funding formula is deeply deficient, and the current government has done little to fix it.

Economically challenged communities like east London need their schools. They are an anchor for the students, for the families and for community programs. In the next provincial budget, let's see improvements in the education funding formula so that local boards have enhanced abilities to respond to local realities and are better able to protect local community schools.

The Chair (Mr. Pat Hoy): Thank you. I'm going to stop you there and move to the questioning now. We are about a minute over. Mr. Miller?

Mr. Norm Miller: I'll start, and I know that Ms. Witmer has questions as well.

Thank you very much for your presentation and taking the time to come in today to make your presentation.

I guess the first thing I wanted to ask you a bit about—you had highlighted energy costs and were talking about families in east London and about affordability issues to do with energy costs. Can you tell me a bit about what has happened to people's energy bills in the last couple of years and what sorts of increases you've seen?

Ms. Teresa Armstrong: I have first-hand knowledge, one example being that a representative that I know gets phone calls, on a higher increase now than they ever had before, from people who can't afford to pay their bills, specifically on hydro, as an example. Hydro isn't being very flexible in extending the pay period that they offer. A lot of them are getting their hydro cut off. HST is a big factor, and also the rising bill, the actual costs of energy now that have increased so substantially.

Mr. Norm Miller: So their bills have gone up substantially. You're saying that they are faced with the situation of their hydro being cut off.

Ms. Teresa Armstrong: Hydro being cut off, the dynamics of the fact that people are losing their jobs—all that stuff is contributing to people having a harder time to afford to be paying extra taxes on their hydro.

Mr. Norm Miller: So in terms of relief for these families that were talking about in east London—and you talked about the HST—have you got suggestions? Would you like to see an exemption on hydro or heating costs, or would you prefer a reduction of the HST rate across the board? Any suggestions or anything else that I may not have thought of?

Ms. Teresa Armstrong: I think the government needs to review what the HST impacts are on working families because, as we all know, we're in a very hard time right now and struggle to pay all our bills. Costs for everything are increasing. So reviewing that tax on necessities of life: That would be my suggestion. Whether it can be abolished or removed, I don't have the answer, but it certainly needs to be reviewed, and the rate of hydro as well that we're paying.

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Mr. Norm Miller: That's a very good suggestion.

I know Ms. Witmer would like to ask a question.

Mrs. Elizabeth Witmer: Thank you very much, Teresa. I had an aunt and uncle who lived in east London, and if they were still alive today, they would agree with every word that you've just said. They were decent, hard-working immigrants who certainly worked hard, but still sometimes you don't have enough to meet the basic needs.

When people have their hydro cut off—I just want to go back to that—what do they do? I think of a day like today. Driving in from Waterloo, it was minus 20. What do people do? They've seen the costs accelerate and increase the way they have. What do they do?

Ms. Teresa Armstrong: They contact their local politicians, generally, for help. They go to their local riding associations as well to try to get somebody to be the intermediate between hydro and themselves.

Mrs. Elizabeth Witmer: I have a question about school funding. The education funding formula was to

have been reviewed in order that it could better respond to local board needs and also school needs. Would you like to see—I think I hear you saying this—boards have more local autonomy for money? Or would you like to see principals have more local autonomy and more money to spend?

Ms. Teresa Armstrong: The outcome that needs to happen, I think, is that schools need more money. How it gets there, through either the principal or the local school boards, the semantics of it—I don't know what would work better, but they need more funding.

Specifically, one school that I have mentioned is under threat in our area. That doesn't just provide schooling for children. There's the breakfast program in the morning; some kids don't even go to school, but they'll go to school for breakfast. If that school is closed down, are the other schools going to be prepared to provide that need to that specific neighbourhood? The other part of that is if the kids miss the school bus, they're not going to get to school. There's a lot of social problems, unfortunately, tied to the neighbourhood that depends on that school for a lot of resources. How the money gets there—I don't know the best way to get it because I haven't studied it, but the system needs improvement for sure.

Mrs. Elizabeth Witmer: So it's a community hub, then. I hear you say that there are specific local needs.

Ms. Teresa Armstrong: In this particular example, absolutely.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Teresa Armstrong: Thank you very much.

LONDON CHAMBER OF COMMERCE

The Chair (Mr. Pat Hoy): Now I call on the London Chamber of Commerce to come forward, please. Good morning. You have 10 minutes for your presentation; there could be up to five minutes of questioning, this time coming from the NDP and Mr. Tabuns. I ask you to identify yourselves for the purposes of our recording Hansard, and you can begin.

Mr. Gerry Macartney: Thank you, Mr. Chair. My name's Gerry Macartney. I'm the CEO of the London Chamber of Commerce. Joining me today are the president of the board of directors of the London Chamber of Commerce, Don Bryant, and our vice president of policy for the chamber of commerce, Mr. Dave Craven. Also accompanying us are Doug Marshman, who's the chair of our federal and provincial affairs committee, and Kristen Duever, our policy co-ordinator at the chamber.

You have the presentation, I believe, before you; it was distributed. We appreciate the opportunity to speak to you today. I'm just going to cover a few highlights. We're not going to read the entire document.

Suffice it to say that the title suggests a lot of what we want to talk about today: 2011, in our view, should be a year of fiscal discipline. We've seen lots of spending, some of it necessary, some perhaps not, but we need to tighten our belts and get back to a balanced budget as

quickly as possible. There are ways to do that, we believe, without necessarily giving up the ghost in some areas.

One area that we do not want the government to retreat on is the area of tax reform. We think it's done a great job thus far and want to continue to stay the course on those tax reforms because we believe that, in the long run, Ontario will be a much more competitive jurisdiction than it is now.

On that note, I'll just run quickly through. You might note that our presentation is designed somewhat to follow or align with the presentation that was given by the finance minister in the fall on the overview. That's why it's aligned that way.

On electricity, we've heard a lot about electricity costs and going greener. We think it's a noble and wise move; however, we think it ought to be tempered. If we're going to allow Ontario's manufacturers to actually get back on their feet again, we need to do it in a slower fashion and perhaps find more ways to reward those industries, those manufacturers that are coming onside with green initiatives.

Insofar as the investments to infrastructure are concerned, the chamber has long held the view that infrastructure is the highway on which commerce travels. So while you're deliberating over the budgets, we would encourage you not to cut infrastructure spending, because it's essential to the growth of our province.

Anecdotally, we would encourage the government as well to focus on all of Ontario and not just Toronto. We believe that Toronto gets more than its fair share of infrastructure spending, and we think London is also an important jurisdiction. Khalil, you're laughing, but you know I'm right.

Apprenticeship training is one thing we've advocated for for a number of years, and we think that there needs to be more emphasis placed on that. We know there's a skill shortage in this province, and we think that the one way to get at it is to increase the profile of apprenticeship training in this province. I think we've done a good job thus far. I think we can go a lot further.

Retirement income: I'm not going to read this part of the presentation. We actually gave this to the government back in 2007. We repeat that same recommendation through the Ontario Chamber of Commerce and others, and we know they're doing a reasonable job on pension reform as we speak.

I also want to talk about the single securities regulator. With credit to the finance minister, he, among others, has tried, and so has the London Chamber of Commerce, to encourage the federal government to find or develop a way to come up with a single securities regulator. We have not been successful to date, but we would encourage the government to keep trying, in spite of what Alberta and Quebec are doing. We think it's the right move, and we continue to support the finance minister in that regard.

We'd also like to emphasize a bit again on the energy side. We heard some comments here about people

suffering and not being able to pay their hydro bills. We understand those issues, but we also understand that Ontario needs a platform on which it can build its future. It has to have sustainable, affordable energy, and the only way to do that, of course, is to continue to build. But let's do it wisely and pace ourselves so that we're not taking our manufacturers backwards in terms of the recovery. We have to go a little slower, in our view.

One thing we thought of—and I credit the government for their transparency—is the need for more transparency and accountability. We presented a paper last fall that speaks to adopting the municipal auditor general role in municipalities that have 100,000 people or more. This is the same model that Quebec has used. We think it's the right move for Ontario, and we would encourage the government to continue trying to find ways to get more municipal auditors general in the province of Ontario.

On drug reforms: We have the health minister, of course, right here in London, and went through quite a battle on drug reforms, particularly to the Ontario public drug plan. Those recommendations are before you; these are ones that we've submitted before. There's still a tough fight ahead, but credit to the government for a lot of effort thus far in sort of getting that whole industry balanced and on its feet again.

The one that you're probably going to shudder at when I recommend it—doubtless not a single health administrator in the province of Ontario will be sending me Christmas cards any time soon. The radical recommendation that we're making is to freeze health care budgets across the board for three years. I understand the demographics, and I understand the need for health care in this province better than anyone—I was on a health care hospital board for a number of years—but it can't always be about money. I don't care which expert you're listening to. Some argue that somewhere between 60% and 70% of the entire provincial budget will be eaten up by health care costs in the next 20 years. We just can't sustain that; it's impossible. Somebody has to do something. If a radical recommendation like this gets the game in play, or gets the yardsticks further downfield, if you like that metaphor, then that's what needs to be done.

We would also encourage, I think as others have—the LHINs, whose main motivation in forming in the first place was to integrate hospitals, have done anything but. It was a noble gesture and probably a good move to establish the LHINs, but they have not integrated anything. Therefore, our recommendation would be to eliminate the LHINs from that process.

Another recommendation we've made in the past is to increase the percentage of private sector health care providers. It's about 26% now. We think there's room for a lot more, so if you could encourage that, that would be helpful.

Reducing the size of the public sector: I think the opposition party argues that we've added some 300,000 to the wider public sector in the last seven years while at the same time we've lost some 300,000 manufacturing jobs in the province. Something seems askew to me. So if

we could continue to work on reducing the size of the public sector, I think that would be good for the economy.

Two final things: One is, and you can read it under "Additional Considerations," that some of the savings investment vehicles have been double-taxed. We'd encourage the government to look at that and make sure that's not happening. If we have to back off a bit on that piece particularly, I think that would help the investment community considerably.

We also heard just recently that there were new discussions started in the province with regard to high-speed rapid transit. We've been a strong advocate for that for some years, but I would emphasize that that advocacy calls for a high-speed rapid system from Windsor to Montreal, not Toronto to Montreal, as some are arguing.

1010

In case some of you don't know, London, Ontario, is the fourth-busiest passenger rail terminal in all of Canada. To not include it on a high-speed rail system would be folly. I think that we'd be missing a great opportunity by not having it there. I appreciate that not every city can be on a high-speed rail line, because it would certainly not make it very high-speed if that was the case. Nevertheless, London absolutely critically needs to be on that list. So for the folks in Toronto who are arguing that that's where it starts and stops, we would respectfully disagree.

That's all the presentation we have for this morning. We'd be happy to answer any questions.

The Chair (Mr. Pat Hoy): Thank you for the presentation, and we'll move to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Thank you very much for taking the time to come here this morning. There are two questions that—

Interjection.

Mr. Gerry Macartney: Your friend?

Mr. Peter Tabuns: Sometimes.

The commentary you have about making it easier and more attractive for companies to engage in energy efficiency: Can you tell us if there are particular programs you've seen in other jurisdictions that are very effective and that you would like to see here? Are there elements that you particularly think would make an energy conservation program attractive to businesses and to industry in the London area?

Mr. Gerry Macartney: The answer to your first question is no, I have not seen any other models. The answer to your second question is, I think we need to find them. The Ontario manufacturing sector has been the hardest hit of any in the country. We have to find ways to incent them to engage in this new green economy. It's the right thing to do, no question about it. How you get there and how you do it in an affordable fashion is the real difficulty.

If we want to recover, if we want to get those manufacturers back to where they were, or at least reengaged in some other industries, then I think more incentives on that front, through tax reforms and through regular

incentives, could be achieved, but we've got to find creative ways to do that. Right now I have no models to offer to you.

Mr. Peter Tabuns: Okay. Do you have any sense of the percentage of total operating costs for London businesses that goes to purchasing either electricity or other forms of energy?

Mr. Gerry Macartney: On a percentage basis, I can't tell you that. I will tell you it's the third-largest expense on anyone's P&L. So after the cost of rent and labour, energy costs are the highest, and they are creeping higher and higher each year.

I said earlier that we need a sustainable, affordable system, and I believe that. I think there's a way of getting to that in an affordable, incremental fashion. I think if you do too much too soon, you'll stall the recovery and then we'll end up with a worse situation than we're in right now.

Mr. Peter Tabuns: The other question I have is about infrastructure. Can you give us a sense of what are the critical infrastructure investments needed in London and area, and the scale of cost that you've identified?

Mr. Gerry Macartney: It's a cliché, but roads, bridges and sewers, I think, are the critical elements. Those are the main elements that communities survive and grow on. Everything else, while it's nice to have, isn't necessarily critical to have, and I think until we get those critical elements—some have argued that our national infrastructure deficit hovers between \$153 billion and \$200 billion. London's fair share of that is no different. I think we, as the 10th-largest city in Canada, can probably claim about a tenth of that deficit.

We're trying desperately to get caught up, but it continues to creep and eat more and more of our local municipal budgets because we're behind. I think everyone in this room understands that municipalities don't necessarily see infrastructure spending as the sexy spending that gets the voters out, but it's absolutely critical that we continue to spend on infrastructure.

My emphasis was that we ought to rebalance the ledger somehow so that London, Ottawa, Hamilton and other cities get their fair share of that infrastructure dollar, not the disproportionate amount that my good friends in Toronto are receiving.

Mr. Peter Tabuns: Are there particular bottlenecks in the transportation infrastructure in this area?

Mr. Gerry Macartney: Road repairs and life cycle maintenance, I think, would be the two areas that come to mind. We've had some of our city experts here today. Most of them will tell you that in order to get caught up on road resurfacing and potholes—at the present scale that we're going at today, we're about 53 years behind. It'll take us that long to get caught up with current spending. That's potholes. Well, today's pothole is tomorrow's sinkhole, and I think you've read some headlines about what sinkholes can do to your community. Another black eye like that, we don't need.

So I think it's back to roads, bridges and sewers. Fix the basics, spend the money wisely and redistribute some of that money to cities across Ontario.

Mr. Peter Tabuns: Fair enough. I have no further questions, Mr. Chair.

The Chair (Mr. Pat Hoy): Thank you, and thank you for the presentation.

Mr. Gerry Macartney: Thank you.

LIONS MCINNES HOUSE

The Chair (Mr. Pat Hoy): Now I call on the Lions McInnes House, the Group Home for Deafblind Persons (Brantford) Inc., to come forward, please. Good morning.

Ms. Joan Brintnell: Good morning.

The Chair (Mr. Pat Hoy): There are 10 minutes for your presentation. There could be up to five minutes of questioning, which is coming from the government side in this round. If you would state your name for our Hansard, you can begin.

Ms. Joan Brintnell: My name is Joan Brintnell. I'm from Lions McInnes House in Brantford. I would like to thank the standing committee in advance for providing this opportunity for Lions McInnes House to present the serious issues facing current and future intervenor services across Ontario.

First and foremost, Lions McInnes understands the fiscal constraints the government of Ontario is faced with in these economic times but feels it is imperative that the government of Ontario reconsider the new proposed funding model for intervenor services. We are asking for additional resources to adequately serve all Ontarians who are deaf-blind. We are asking this standing committee to take our plea forward as the new budget is formulated.

I will speak in specifics of the current situation of Lions McInnes House and more generally of intervenor services, as we share a similar plight.

Lions McInnes House has been providing intervenor services in the community of Brantford since 1985. Currently, we provide services for 13 adults who are congenitally deaf-blind.

What does it mean to be deaf-blind? A person who is deaf-blind has a loss of both senses. This is a dual sensory loss wherein one sense cannot be compensated for by the other sense. Neither sense can be used as a primary sense.

Intervenor services provide individualized programming that meets each individual's communication mode to allow them to gain life skills, nurture relationships and prevent isolation. Intervenor services requires high levels of one-to-one. The philosophy of intervenor services is, "Do with, not for." Intervenor do not act as caregivers, but assist people who are deaf-blind with communication and information.

The persons living at Lions McInnes House live in a shared apartment setting that is designed specifically to meet their needs. The home is staffed 24/7. The Lions and Lioness of Ontario provided the capital funding for

this building, with the purpose in mind that adults who are deaf-blind would receive a continuity of services as they meet further physical and aging challenges.

There are other intervenor service models in Ontario, and the model and living arrangements are varied. Intervenor service providers currently provide services to two very distinct groups of adults with deaf-blindness: those who are congenitally deaf-blind—those born with the condition or who develop it before age two—or acquired deaf-blind, who would have developed it after age two.

Over the past six years, Lions McInnes House and other intervenor services have been working collaboratively with the Ministry of Community and Social Services in the review and transformation of our sector. There are five core intervenor service providers in Ontario. They are funded by the Ministry of Community and Social Services. They provide special services to adults in the community who are deaf-blind.

This is a low-incidence disability. Persons who are deaf-blind require the unique services of intervention. Intervention is costly, as one-to-one staffing is often a required component.

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As a service provider, Lions McInnes House believes that all adults in Ontario who are deaf-blind should be eligible for intervenor services and have equitable access.

The guiding principles of the review and the transformation are:

- common eligibility rules;
- fair, equitable access;
- sustainability; and
- within available resources, which at this time are finite.

In October of this year, the new proposed funding model was outlined to the service providers of intervenor services. With the proposed funding model, the consumers at Lions McInnes House could lose up to 40% of their current funding and service. Currently, intervenor services of Ontario have a budget of \$25 million. The new funding model will remain at \$25 million. There will be significant reductions in funding and service for current consumers of between 40% to 65%. There appears to be no base budget to cover building occupancy or program administrative costs.

We understand that the government is not taking money away from the sector. The government has said many times over the past six years that intervention services are vital. A quote: "The ministry is committed to providing funding for services for deaf-blind individuals to assist them to live as independently as possible. Intervenor services is a vital support that helps deaf-blind individuals perform activities of daily living and engage in their communities." This is from Rick Beauchamp, regional director at Hamilton-Niagara, November 29, 2005.

We know that additional funding is required to avoid wait-lists and address the pressures of new people coming into the sector. Approximately 10 million is what

has been going around the table as we sit in meetings with the ministry. Service providers, if there is no funding, would lose the ability to maintain current levels of service or provide new service, agencies would not be viable within this new model, and the impact to services would be devastating and not sustainable.

Consumers would experience the following:

- increase in mental health;
- increased isolation—most people would not be able to leave their front doors;
- homes would become mini-institutions within the community, and this is what we've just taken away;
- being forced to move from their current homes;
- not being able to access the community, jobs, education, recreation and leisure;
- not being able to be participating members of society;
- the inability to access information, which is a basic right for everyone;
- not being able to communicate, which is also a basic right;
- there would be a breakdown in family relationships—parents, spouses, children; and
- their environments would no longer be safe and secure, because we wouldn't be able to afford to do that.

Staff would experience:

- safety within the workplace;
- career choice—there would be high turnover;
- philosophy change to the intervenor's role—they would become caregivers; and
- there would be high burnout.

Current budget allocations for Lions McInnes House—this is just very basic. Our salaries: Our intervenor hours are 75% of our budget; program administrative, which includes our training dollars, is 17%; allocated central admin is 8%; and program costs such as travel, which is very important, is 12%.

We are requesting that the standing committee take our request to the budget meetings to find a solution to this potentially devastating situation. The proposed funding model for intervenor services would not be sustainable. This alone would cause agencies to close their doors.

As I've listened to people speak in front of us, we've talked about the government and infrastructure as well. That would be a moot point for our individuals who are deaf-blind because they wouldn't have the ability—they wouldn't have the intervenors to take part in those things.

The other situation is that without cost of living and without thought of HST and climbing hydro bills and all of those items, which they also have to pay from their ODSP, and their rent and what they do, it would become very, very difficult for them to survive in the community.

Smart meters: Our program is 24/7. I can't tell a deaf-blind person that they can't have a bath at 9 in the morning because they need to get up at 6 o'clock to do that. There's no relief there. I have asked the hydro company, "Are we going to have smart meters? How am I going to manage that?" They don't have an answer.

The Chair (Mr. Pat Hoy): The questioning goes to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you for being here with us this morning and for sharing this information with us. We really appreciate it and all that you've done for Brantford since 1985—is that right?

Ms. Joan Brintnell: Yes.

Ms. Leeanna Pendergast: That's remarkable.

I had a deaf-blind student, a young lady, when I was a vice-principal in a high school, and I don't think people really understand the amount of attention and work and partnerships that go into it until you actually deal one on one with them, and the dependence they have on the intervenor. So I thank you for your comments today.

That takes me to your comment on your second page where you're talking about the high level of one-to-one and that the hours may vary by agency. I'm going to jump to the end and come back to the one-to-one, because I want to talk about the salary and your overall budget and how you broke that down at the end.

Before I do that, I want to commend you on your partnership with the Lions and Lioness of Ontario and the capital funds that you acquired from them. My question would be, do you have other partnerships like this that you've acquired or that you're working on or looking into?

Ms. Joan Brintnell: We don't at this time. As you're probably aware, there are many agencies and many people out there who are looking to have partnerships. We have 13 individuals, and it makes it much more difficult to fundraise when you're talking about a very small number of people—and people don't understand deaf-blind. It's easier to be a big association or an agency, but we are very small. We're very well known in the community, but we do not have continued funding from the Lions or Lioness.

Ms. Leeanna Pendergast: So it's one-time funding.

Ms. Joan Brintnell: It's a one-time capital funding project.

Ms. Leeanna Pendergast: You were talking about the continuity of services. In Kitchener-Waterloo, we have several one-stop-shop ideas, where that continuity of services is all available under one roof. Is that something you've considered, or is that a possibility?

Ms. Joan Brintnell: The continuity of services—we're really talking about aging in place. We have individuals who have been with us since 1985, and they've continued to have losses, they've continued to have balance issues. Some of them are now in wheelchairs—not all the time, but for any kind of long-distance walking. We have physiotherapists and dietitians come in and work with us, so we use community accesses. They appear to be aging faster than the normal population. Their first building was all stairs, but in the one we have right now there are no stairs, so they can get around much easier. If we needed Hoyer lifts or things in the future, the building is accessible to do that.

Ms. Leeanna Pendergast: You mentioned that over the last six years you've worked with the Ministry of

Community and Social Services in the review and transformation.

Ms. Joan Brintnell: Yes. I've sat on an advisory committee with the other five core agencies, and we have been working with an assessment tool and with dollars to come up with a plan to have fair, accessible plans for bringing in new deaf-blind clients.

Ms. Leeanna Pendergast: To expand your services, then—

Ms. Joan Brintnell: Not to expand ours on a whole, but to make sure that the deaf-blind people in Ontario have access to the services. It could be any of the five core agencies at this point, or other people, not just us. So I'm speaking, really, for myself and intervenor services.

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Ms. Leeanna Pendergast: So back to the one-to-one, and this will be my last question. When I look at how you break it down at the end that 75% of the budget would be intervenor hours or staffing, when you say that one-to-one staffing is often a required component, how often would you say? What percentage are we talking about?

Ms. Joan Brintnell: In our particular building, we have three individuals. We have six apartments; we have two one-bedroom and four three-bedroom apartments. So they share. In most cases, within the building they have two-to-three coverage, so two staff to three individuals, but when they're out in the community for anything at all, they need one-to-one.

I don't know if you know much about the deaf-blind, but you're talking to them all the time and you're saying hello and you're telling them about how there are 15 people sitting around this table to your right and to your left, and what they're doing. While you're doing this, if you have two or three other deaf-blind people beside you, they have no idea what you're talking about or what you're doing, and the chances that they'll even stand there with you are slim. You can't tuck them in beside you because you're using your hands. When you are out in the community, it's your job to let the individual you're working with know everything about the environment and everything that is happening so that they can make choices and they can know what's going on in their world.

Some of them have no vision and no hearing at all, so you're talking in their hands. Some of them have a little vision and a little hearing. Out of the 13 people we have, none of them are the same and none of them have the same communication mode. With some of them, you're talking in their hand; with some, you're talking in a little window here; with some, you're moving back so they can see you. Most of our staff do not have training, because there are very few training programs for intervenor services, like George Brown in Toronto. So they come in and we have to provide that training, and it's ongoing training, because the individuals change over a period of time.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Joan Brintnell: You're welcome.

ONTARIO GEOTHERMAL ASSOCIATION

The Chair (Mr. Pat Hoy): I call on the Ontario Geothermal Association to come forward, please. While they're coming up, I'll inform the committee that check-out time is at noon. You can bring your items in this room if you care to, but I wouldn't leave anything overly valuable. The room will be watched. Noon checkout.

Gentlemen, you have 10 minutes for your presentation, which I'm sure you know by now; you've been sitting there most of the morning. There will be 10 minutes of questioning coming from the official opposition this time. If you'd just state your name, you can begin.

Mr. Brian Beatty: My name is Brian Beatty. I'm a professional engineer. I've had 30 years' experience in the geothermal industry. My colleague to my left is Earl Morwood; he's the executive director of our association. I am the president.

This morning I'd like to speak to you on behalf of the Ontario Geothermal Association. We represent the geothermal industry throughout the province of Ontario and we wish to partner with the Ontario government to promote the development of the largely overlooked geothermal resources in the province.

I'd like to start by asking the question: What is geothermal energy? Unlike wind and solar energy, which tap intermittent sources above the earth, geothermal energy is literally heat from the earth. The core of the earth is molten rock which radiates heat outward to the earth's surface and on to outer space. You may be surprised to know that 99% of the earth's mass is hotter than 1,000 degrees Celsius, and only the outer few kilometres are cool enough for human survival.

In Ontario's climate, the top 200 metres of the earth—that's about 600 feet—are a constant nine to 11 degrees Celsius, and this is where we recover our geothermal energy. Water is circulated through pipes in the earth and can be upgraded in heat pumps to heat our buildings or used directly for cooling. This form of clean energy eliminates fossil fuels for winter heating and reduces peak electrical usage for summer air conditioning.

The vast repository of heat within the earth is renewable and will become the world's primary source of heating and cooling energy after the last remaining oil, gas and coal reserves are used up. Some people speculate that could be within 100 years.

The supply of geothermal energy within 10 kilometres of the earth's crust is 50,000 times more than exists in all the oil and gas reserves in the world. Among the various forms of renewable energy, geothermal power is uniquely reliable.

I'd like to speak a little bit about Ontario's transition to renewable energy. The introduction of the Green Energy and Green Economy Act in 2009 put Ontario in a leadership role in the global march to greener energy. Energy policies such as the FIT—feed-in tariff—program were created to spur growth of renewable electricity generation. Solar and wind created the most hype. In

terms of megawatts, they accounted for about 96% of the FIT applications in 2010.

However, several challenges with the solar and wind energy initiatives have emerged over the past year, and I've listed a few of them. One, the need for more transmission lines to distribute the intermittent pulses of electricity: As you can imagine, you generate electricity from wind only when the wind blows and from the sun only when the sun shines, so that creates the pulses. Next, the need for back-up fossil fuel plants or electrical storage facilities during those periods when there's no sun and no wind; hikes in electricity rates to subsidize solar and wind power; new transmission towers and gas peaker plants have become an issue; the domestic content of some of these solar and wind equipment manufacturers is a concern; there are public concerns about the aesthetics of the wind turbines in the countryside; and finally, there's a loss of prime farmland with some of the large solar farms.

Geothermal energy faces none of those challenges. It is hidden below the ground, does not affect the use of the land, is generated at the place of use, 24 hours a day, and is the lowest cost. Neither the Green Energy and Green Economy Act nor OPA's recent long-term energy plan have considered geothermal energy. Nevertheless, our industry has grown exponentially in Ontario over the past few years. There is now a major network of residential geothermal suppliers and installers across the province. Commercial geothermal installations have also accelerated over the last five years. Most new schools, social housing apartments and government buildings are currently being equipped with geothermal energy systems. In fact, Ontario has now become the leading Canadian province in the installation of residential and commercial geothermal systems. It was only three years ago that BC was the leader. Ontario has far surpassed BC.

If geothermal energy is now added to Ontario's renewable energy portfolio, it would help to offset the intermittent issues that affect the cost and sustainability of solar and wind.

How is geothermal energy different from the other renewables? The key difference is that no electricity is produced. Geothermal energy is used primarily to heat and cool our homes, schools and workplaces. Supplementary uses include some supplies you may be surprised to know about. One is hot water in our homes: Geothermal can produce all of that. You can warm floors. You are probably aware of radiant floors, but farmers raising young chicks, piglets, lambs and so on love the warm floors. Snow melting is now commonly used, where you can melt the snow around your home under the sidewalks or around the shopping centres. Swimming pool heating and ice-making are just a few examples of other uses.

A vast supply of geothermal energy is available in the earth beneath every building lot in Ontario. Our rich geothermal endowment has scarcely been tapped and is destined to become a major factor in solving Ontario's complex energy equation. Geothermal energy has the ad-

vantage over other renewables in that it provides heating and air conditioning 24 hours a day, 365 days a year. It also has the ability to use electricity in off-peak hours, with none of the power transmission problems of solar and wind. Thermal energy storage is another unique feature, where excess summer heat can be stored in the earth for later use in the winter.

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When the total life cycle costs for heating and cooling buildings are considered, the best choice is always geothermal energy. Also, the inherent reliability of a free energy source immediately beneath each building site, at any time of day, will make geothermal energy a major renewable supplier for Ontarians in the future.

The use of geothermal energy to heat and air condition a home or workplace is like driving a hybrid car. Electrical power from the grid is still required, but the need for fossil fuel heating is completely eliminated, and the electricity required for cooling is significantly reduced.

In the future, opportunities to power geothermal heat pumps with combinations of solar, wind and hydro-electricity will be developed. When that day comes, you'll be able to take your home completely off the grid.

A few considerations for the Ontario budget coming up—I've listed three or four of them here. Geothermal energy in Ontario stands on the brink of greatness. It is clearly the best and least expensive choice for heating and air conditioning the homes and workplaces of Ontario. The main barriers to broader acceptance of geothermal energy are two: lack of knowledge, and awareness of this unique resource. It is time to add geothermal energy to Ontario's green energy portfolio.

Government funding is required to develop knowledge, cultivate public awareness and advance the implementation of geothermal energy throughout the province.

In closing, I would like to thank the Ministry of Energy and Infrastructure for the role it has played in the current incentive programs for retrofitting residential homes with geothermal energy and also for their role in facilitating geothermal energy installations in most new schools and social housing projects.

We look forward to working closely with the political parties in Ontario to develop a stronger united voice for geothermal energy. It is sustainable and available around the clock beneath every property in the province.

The Chair (Mr. Pat Hoy): Thank you. Your timing is impeccable. You must have practised that, perhaps. Mr. Barrett will be asking the questions from the official opposition.

Mr. Toby Barrett: Thank you, Mr. Beatty. We met with Mr. Morwood just a few days ago on this issue.

I just wanted to clarify. Much of the focus is on what I refer to as heat pumps. We're not so much talking about the deep geothermal approach, going down half a mile or whatever.

Mr. Brian Beatty: No, deep geothermal is available primarily in British Columbia in the mountain ranges where, if you drill a few thousand feet, you'll get really

hot water. In Ontario, we can't do that. You could if you drilled 5,000 feet deep, but nobody's going to do that.

This is what we call low-energy geothermal heat. We need the heat pump that you mentioned, sir, to boost that heat. It comes out of the ground at about 10 degrees and goes through the heat pump, the heat pump boosts that up to room temperature, and that's how your home is heated.

Mr. Toby Barrett: As you say here—I think this would be in Ontario—most new schools and government buildings are being equipped with geothermal, but you're not part of the FIT program. I don't know whether there's a flaw there in the sense that it's not so much oriented towards energy; it's more oriented towards electricity. Why would that be? Is it because it's easier to measure just electricity rather than energy?

Mr. Brian Beatty: That has been a puzzling issue for us. We're not quite sure how geothermal energy got missed in that program. In spite of that, there's a huge acceleration of geothermal in those public buildings that you mentioned, both at the federal and the provincial levels. The P3 buildings almost all have geothermal in them. All new schools that I'm aware of have geothermal.

One other aspect that I think stimulates geothermal in those buildings is that many of them are LEED—you may know what that means; it's Leadership in Energy and in Environmental Design, and there's a standard there of gold LEED, silver LEED, platinum LEED and so on. To qualify for the highest standard of building, geothermal gets you there. That may be why they're promoted. But up until this point, it has not been part of the FIT program, and we hope to see it change.

Mr. Toby Barrett: There's obviously been some big changes as far as government assistance, making reference to FIT. For decades now, people who are interested in solar, people who are interested in wind power have been exploring this, building systems, and their goal was to get off the grid. Government is now a player—for example, 80.2 cents a kilowatt hour for rooftop solar—and in the last year or two, elected representatives like myself no longer hear these people talking about independence and getting off the grid; they want to get on the grid to get the money. These people are businessmen; they're not necessarily environmentalists. They come up here from Texas, from Korea and other jurisdictions because of these subsidies. How is your approach different? And obviously, you're not putting this stuff out on the wires. You don't have to build new towers for what you're proposing.

Mr. Brian Beatty: No. Geothermal provides precisely the opposite aspect of producing electricity: It conserves electricity and conserves fossil fuels. But on the other side of the equation, when I go to Europe—of course, Europeans, as you might imagine, are five or 10 years ahead of North America on the issue of energy. They advertise the home of the future—in the Netherlands, some of them are here now—where you can take a house right off the grid. You need three things: geothermal,

solar and wind. If you can get those three connected together, you could take your homes off the grid.

Mr. Toby Barrett: My colleague Mr. Miller has installed—heat pump systems? I don't really have a—

Mr. Norm Miller: I did. In my business 22 years ago, I had a heat pump, but it had a loop in the lake. I happened to live on a lake at that time. I had a couple of them at that point.

Mr. Brian Beatty: Lakes work.

Mr. Norm Miller: I'm just wondering: You said in your presentation, I think, that the use of heat pumps has grown exponentially. Can you talk a bit about how much it has increased and also, maybe, the economics of it, the payback if a business or a home was installing it?

Mr. Brian Beatty: Yes, I can speak to that just briefly. Like you, we put our heat pump in our house about 25 years ago. It's worked without spending any money in all those years. About five years ago, I designed what has become the second-largest geothermal system in the world. Very few Canadians know about it, but it's located in Oshawa. It's at the University of Ontario. When I go to Europe and talk about that system, they all know about it. When I speak in Canada, nobody knows about it, but that's Canada.

That big project spurred activity at the commercial scale. Up until that point, many, many residential systems just like yours went in across the province in the 1990s and into the 2000s. We needed some leadership, and that big project in Oshawa kind of did that for us. Then the province and the federal government saw the benefits of geothermal. They started implementing it in government buildings first. The private sector has been the last to pick up on it because they won't take risks. But now that they see the schools working and the hospitals working and the big buildings—we just finished a 40-storey building in downtown Toronto for Toronto Community Housing. The private sector sees that, then they'll do it, and we're seeing that take off.

The payback for a home depends on the kind of power you're on now, whether it's natural gas or electricity. If it's electricity, it's probably a year or less, maybe a few months. If it's natural gas, it's probably two, three or four years, but not too long. All commercial buildings won't put them in unless the payback is less than seven years, and that just means that once you've paid for the system—the capital cost of that system, and you've paid that off—you're away to the races. We all know that, in the long term, natural gas prices and electricity will just continue to go up.

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The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Brian Beatty: My pleasure.

Mr. Earl Morwood: Thank you, Mr. Chair.

ONTARIO ASSOCIATION
OF SOCIAL WORKERS,
HAMILTON AND DISTRICT BRANCH

The Chair (Mr. Pat Hoy): I call on the social action committee of the Ontario Association of Social Workers, Hamilton branch, to come forward, please.

Mr. Mel Basbaum: That's what happens when you rely on technology. I will start, because of the time constraints, and we are starting late, I realize.

First of all, good morning, and thank you for allowing us the time to do this presentation. The presentation will be done by myself, Mel Basbaum; Sally Palmer, who's on my immediate left; and Amy MacPherson, who is an ODSP recipient. Anne Newbigging is back there, but was involved in the presentation.

Are we working?

Interjection.

Mr. Mel Basbaum: Okay. Fortunately, you have the presentation. Apparently, he can't make it work, so I'm going to have to work from the paper slides.

Why do we have the child benefit to begin with? Well, we know that families living at or below the poverty line need financial support to meet the needs of their children and that children's social and educational development is closely linked to adequate nutrition and social recreational opportunities. It has also been well demonstrated that poverty is a major contributor to health outcomes in both children and adults.

The Ontario child benefit, introduced by the Ontario government in 2008, provides much-needed support to children in low-income families. For children whose families are employed, the OCB provides an extra \$92 per month.

However, much less benefit has been received by children in families which receive social assistance from either Ontario Works or the Ontario disability support program. This is the result of clawbacks to children's grants and to their parents' social assistance cheques. When the OCB was introduced, the government made significant deductions to the parents' social assistance. This included withdrawal of the back-to-school and winter clothing allowances for children. When the OCB was increased in 2009, the government again deducted money from the parents' social assistance. The deductions from social assistance are complicated, and families with different compositions receive different amounts of the OCB.

Great differences exist between the children who have benefited the least and those who have benefited the most. At the back of this section is the chart, in a larger form. You'll notice, if you look under single parents with one child over 13, their net increase was \$13 per month, whereas for couples with one child under 13, that net increase was \$125. A child aged 13-plus in a single-parent family gained only \$13 per month from the changes between March 2007 and March 2010. A child under 13 in a couples family gained \$125, and that includes the national child benefit, not just the OCB.

We're left with the impression of a two-tiered system where some low-income families are considered deserving and others undeserving. With a few exceptions, children of the working poor are being treated as more deserving than those on social assistance. Among social assistance recipients, children with two parents are being treated as more deserving than those in single-parent families. We've tried hard to get changes to this.

Sally will now talk about what has happened there.

Ms. Sally Palmer: We've communicated our concern about the OCB to your government in many ways, and in all their responses the ministers and MPPs have really sidestepped the issue of inequality and simply described other anti-poverty measures your government has taken.

First, we've made appeals to Hamilton's Liberal MPPs. The Honourable Sophia Aggelonitis asked us for briefing notes and promised to raise the issue with the relevant ministers but gave us no feedback.

Meeting with ministry staff—this was in December 2009. After several requests, we were allowed to meet with MCSS and MCYS staff. There were several last-minute dropouts, including the only senior policy analyst, and those present did not seem knowledgeable about our concerns. They did acknowledge the unequal distribution of OCB, comparing people who were on social assistance to those who were employed, and explained this as a policy decision to lower the welfare wall. In effect, the clawbacks were intended to widen the income gap between employed families and those on social assistance, including disabled parents.

A rally at Queen's Park last April: A group of 70 citizens from Hamilton and Toronto gathered at Queen's Park to demonstrate and attend question period, hoping to increase awareness about the OCB clawbacks. MPPs asked questions in the Legislature about the unequal distribution of the OCB, and the ministers responsible responded to the questions without acknowledging any inequality.

Correspondence with ministers: We sent letters of concern about the OCB to Ministers Meilleur and Broten, signed by five Hamilton organizations which were concerned about the health and development of children living in extreme poverty. Again, their responses ignored the issue and cited their other programs aimed at reducing child poverty. Minister Meilleur's November 2 response was copied to Finance Minister Dwight Duncan.

Generally, we feel that our expressions of concern have been ignored by your government.

We hope that this committee can take action to bring our most disadvantaged children out of deep poverty by equalizing the Ontario child benefit.

Ms. Amy MacPherson: I am Amy MacPherson. I am hoping to have everyone's attention. I know you've all been very busy multi-tasking, texting off and on. I have driven five hours to be here, and the reality is that my son and I will go without groceries to be able to deliver you this message today. It is of a personal nature, so I'd like to have that back and forth with you, please.

Good morning, honourable committee, and thank you for having me.

Thanks to my associates for providing the data. I'm here to bring those numbers to life. I represent hundreds of thousands in those statistics, as the single parent of a teenage boy who got the worst end of this deal.

I'm hoping to gain your support with a few endeavours that would restore my faith in the current situation. This begins with an equalization of payments between family types, as already mentioned; restoration of children's basic needs in front-line funding, such as Ontario Works and ODSP; and the establishment of a healthy food benefit. I know my partners focused on the disparity issues, but I must elaborate further.

Despite the string of feel-good headlines, my family is further behind than ever before. For every dollar you've given us under the Ontario child benefit, it has been taken away with the other hand by public assistance on virtually the same day. But instead of playing a new round of deductions, we were all hit with clawbacks across the board—and no longer does any form of welfare provide basic needs to our children.

The definition of basic needs is food. Clothing and school supplies were also removed through the restructuring process. These funds were previously accessible in the community in emergency situations, but now they've been shifted to federal management through the Canada Revenue Agency, where help is out of reach for months of red tape and children go hungry in waiting.

1100

Now, I seriously doubt our government would seek to inflate the number of kids in foster care, because then the costs become astronomical as you take full responsibility from the parent. But have you considered the real consequence of making children's food this inaccessible? Where can they be fed if mom and dad hit a snag filling out income tax? The food bank only offers three days' grace and Revenue Canada takes a lot longer than that. The only other emergency service available is the children's aid society, and that's a drastic measure against the poor, if you don't mind me saying.

I appreciate the OCB initiative to make funds available to all, but through this brilliant move of switcheroo, the working poor gained what the sick and frail lost. As a disabled person, I received \$92 to help feed my child, but \$91 was rescinded for my son under the ODSP umbrella. The exact amount of my withdrawal was then deposited into a coffee barista or housemaid's account. With all due respect, this isn't new money, sirs and madams. We're painfully aware that it's just the same pile being redistributed to twice the people now.

I had only received a \$1 increase once all the rhetoric died down. If your accountant told you something different, he's fibbing, I promise. Through a combination of policies, we were brilliantly shortchanged, and even the United Nations recently took notice. In a published assessment, they said that our children are worse off than ones from Portugal or the Czech Republic. I'm not

throwing out red herrings here; the world is honestly looking at us sideways now.

Our chief medical officer and the World Health Organization are crying crisis and epidemic over poor children's diabetes level. By making it so difficult for Ontario's kids to eat, you're not only quadrupling their rate of sickness, but also the health care funding to medicate daily. An ounce of prevention is worth a pound of cure, you know.

If I was your mother, you'd be grounded for hoarding food from the poor kids. It sounds funny on the surface, but I hope you'll let it resonate afterward. The worst thing is, I fear the government is out of touch with what it's really doing. The highest rate of homelessness is now single parents and whole families. The middle class is the new face of poverty, especially since the recession. Factories are still closing and job creation only comes from Tim Hortons or 7-Eleven. This was a fine time to steal the safety net and name it a miracle for our benefit.

I'm not a degenerate; I can read and also decipher my bank statement. As a matter of fact, I'm on ODSP because I'm educated and thoroughly enjoy working whenever it's possible. I refuse to give up or write myself off and once upon a time I'd likely have been a lawyer. But that path was interrupted by a drunk driver with no insurance, who left me in a coma. I had to relearn how to live and an awful lot was stolen. But up until then, I was an A-plus student and about to change the world somehow. If you think it can't happen to you, think again. Just ask the federal industry minister about his trip down Highway 11 this weekend.

To complicate matters, the schedule you use to calculate housing and hydro is based on 1995 and an era when Mike Harris decimated our social infrastructure. I am humbly asking you to step up and provide true leadership through this crisis we're now facing. At the very least, share your food with the children.

There is no dollars and sense in maintaining poverty. Please recommit to the poverty reduction strategy and don't let it become an expensive decoration. We need to see the human side of our government before the next election and a sign of your courage to take action. I invite you to check out putfoodinthebudget.ca to see what all your voters are saying. It's a wealth of insight, but there's one last thought before I finish: Children who don't eat aren't healthy. Children who aren't healthy don't learn. Those who don't learn will not find jobs. And without a job, no one pays taxes. Worse yet, children who don't work or pay taxes can't grow up to teach their children any better. But it all started with the wee tyke whose milk and honey were stolen.

The Chair (Mr. Pat Hoy): Thank you, and we'll move to questioning: Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Thanks to all three of you for coming in this morning. It's a very effective, powerful presentation.

Like you, I'm puzzled. I don't think it's a good argument, but I can see where a government might say that we want a difference between the incomes of those who

are working at low-end jobs and those on welfare, because otherwise, what's the incentive? I don't like that argument, but it's made. But I don't know why there's a difference within the categorization of those who are on social assistance. If you could comment a bit on this, I would appreciate it, because it is utterly mysterious to me.

Ms. Amy MacPherson: Is it okay for me to take this one? I would just like to say that, being on ODSP, educated and able to work off and on—my condition permits it now and again—not only am I receiving a different amount of Ontario child benefit than any of the working poor, but further than that, 50% of my wages are taken by the government. So I work, I pay my taxes, and after my taxes are paid, 50% of that is taken by the Ontario disability support program, and then I am further held liable for the Ontario child benefit. I do not know why the government has chosen to do that; I do not believe it's fair or reasonable or that there's any excuse possible. To me, that's slave labour.

Mr. Peter Tabuns: I leave it to the three of you to select who will speak.

Ms. Sally Palmer: I would like to offer my explanation, which still leaves me puzzled. One of the things we all know is that when Mike Harris was in, he bought a very expensive social assistance computer system. It's still mainly in operation, the way they spew out the cheques and letters to people telling them they're being cut off. The Liberal government did increase social assistance by 3%, 2% etc., and when they tried to do it, that system wasn't flexible; it cost them about \$18 million to make the change. This allowance is also using that expensive computer system, and it doesn't work very well. So I think that's part of it.

Another part of it is that when they took away the children's back-to-school and winter clothing allowance, they took away more from people like Amy, and then they put in a transitional benefit to those people to try to make up for it. But the next year—I don't know why—they removed that transitional benefit, so that's one of the reasons that she's receiving less than others. But overall, her group is really disadvantaged, as you can see from the numbers.

Mr. Peter Tabuns: But it has got to be more than just a software problem.

Ms. Sally Palmer: They don't want to look at it, and we're just not getting answers. I hope you will ask about it.

Mr. Mel Basbaum: The other thing, I think, is that—I don't pretend to understand the formulae that are being used to determine this; they are very complicated. I don't know if the accountants actually understand it, as Amy made reference to. But when you try and look at the formula, you can't make sense out of it, so I can't directly answer that question.

Ms. Amy MacPherson: Also, I would like to say that I believe part of the problem is that this is an unpopular topic. People like myself are generally stereotyped against as rubbish, lazy, undeserving and just taking

money from the province. But as I explained, when I work, what I contribute is twice as much as anybody else in the province for how you're dinging me left, right and centre.

Mr. Peter Tabuns: Can you speak briefly about any studies on the impact of this? You've talked in your presentations, but clearly if there hasn't been an advance, if almost everything is clawed back, then I assume this is reflected in nutritional outcomes and school performance. Can you speak to that?

Ms. Sally Palmer: Do you want to?

Mr. Mel Basbaum: I don't know how many of you might be familiar with Code Red, which was done in Hamilton and looked at the differences in different areas of the city where poverty versus—

Mr. Peter Tabuns: Okay.

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Mr. Mel Basbaum: They found, number one, differences—the big one was in terms of both adults and kids, a life expectancy, between the highest and lowest, of 21 years' difference. This was replicated as well—I can't remember—by a professor at York University, so it has been done. Similarly, there are studies, which I can't think of to quote right now, that show that kids who go to school hungry don't learn. Amy made reference to this; it's well documented. They are the people who, as Amy pointed out, are going to be poorly educated and later on have more trouble finding work, that kind of thing. The studies are there.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

HAMILTON HEALTH COALITION

The Chair (Mr. Pat Hoy): Now I call on the Hamilton Health Coalition to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning coming from the government side in this round. Just state your names for our recording Hansard, and then you can begin.

Mr. Kenneth Jackson: Yes. My name is Kenneth Jackson. With me is Betty-Ann Bushell. I am the co-chair of the Hamilton Health Coalition. Betty is a member, and a wonderful driver to get me here safely this morning.

We are here to speak to the committee, and they thank you for the opportunity to make some general statements about health care in Ontario. There are two bundles of materials: a thick one which contains most of my presentation, and a thin one which contains the last page of my presentation plus two copies of articles that appeared in the New York Times, one regarding health care, comparing health care in Canada with health care in the US; and the second article talking about attitudes towards deficit. This is a very general presentation.

The first point that we want to make is to note that we expect our government plainly to demonstrate care of all Ontario citizens. We call upon the government of Ontario

to preserve and strengthen public health care for all its citizens. A wise man whose name was Richard Sennett, in a book called *The Corrosion of Character*, has written that "a regime which provides human beings no deep reasons to care about one another cannot long preserve its legitimacy." We call upon our government to demonstrate its legitimacy by setting a standard of care worthy of emulation by all citizens of Ontario.

We expect our government to withstand ill-informed propagandistic campaigns. Public health care is sustainable. This is contrary to the statements of the Fraser Institute and the report submitted to the government by TD Economics. It is unfortunate that the government hired TD Economics to examine the provision of health care in Ontario. TD Economics offered a number of privatization options as "solutions." This was entirely self-serving because TD Economics is part of the TD Bank, which itself sells health insurance and will benefit from moves towards privatization.

We expect our government to be truthful about spending on programs and services. As a percentage of GDP, Ontario spends less on all programs and services than all other provinces and territories except Alberta and Saskatchewan. Computed on a per person basis, however, Ontario is dead last in spending on programs and services. Budgetary economies ought not to be sought here. Public health care expenditures are the lowest of all the provinces except Quebec. The government must plainly demonstrate its care for those it purports to govern and increase the health care budget.

Public health care is more efficient than private health care. In comparison studies made between health care in the US with health care in Canada, it was shown that out of 10 studies comparing the care given to a broad range of patients suffering from a diverse range of ailments, five favoured Canada but only two favoured the US. The other three studies yielded mixed results. The article is as an addendum in the second handout.

In 2006, Canada spent a little over half of what the US spent on health care per person. The claim that public health care is too expensive is factually indefensible.

False economies: Experience has shown that the health of patients is threatened by privatization of services. The almost regular outbreaks of *C. difficile* in two hospitals in the Hamilton area can be attributed to the fact that the hospitals in question let out their house-keeping services to private companies whose aim is to make money for their owners. To make money, the work must be done more quickly and therefore less carefully. The result is more resistant diseases, needless deaths and greater costs. Privatization of services is false economy.

Refusal to gain by others' experience: Experience in the UK has clearly demonstrated that P3 projects are not cost-effective for the government. It was wasteful and therefore foolish for the government to proceed with the building of new hospitals with private partners. The government was warned about the costliness and failure of such projects but it proceeded anyway. The University Health Network in Toronto financed its renovation by

issuing bonds and other fundraising measures, a much more cost-effective approach.

Administrators' salaries: About one quarter of the budget of Hamilton Health Sciences is given to people in administrative positions. It has been said that such people need to be paid high salaries to attract the best people to the positions. Past history reveals that such a philosophy has not worked in Hamilton. Additionally, the implementation of the LHINs has added an exorbitantly expensive and needless escalation of health care costs. In our region, one member of the LHIN board publicly and proudly stated to a Hamilton Spectator reporter that he does his required public consultation on the golf course.

Staff salaries: However, if it is so that salaries must be high to attract the best people, let this be so in the remuneration of nurses. We respectfully petition the government of Ontario to hire more nurses and to raise the salaries of nurses so that we may not only have the highly dedicated nurses we presently have but pay them closer to the value of the careful work they do to ensure our well-being. In this time of economic downturn, it is in the best interests of the government of Ontario to do all it possibly can to ensure the healthiest possible population as an essential element in economic recovery.

Since 1975, the costs of health care have remained relatively stable at between 4% and 5% of GDP. Tax cuts have eaten away at public budgets. It's all too easy to claim that health care costs have risen as a percentage of income when that income has been intentionally lowered by tax cuts. There are reputable economists who assert that governments, or those who influence government policies, are needlessly concerned with quickly eliminating deficits.

The third page is found in the thinner bundle that was given to you.

Contrary to what we regularly hear, the government's deficit is not the result of a runaway growth in spending, especially not a growth in spending on health care. A large portion of the deficit was caused by the ongoing economic crisis, which has led to a downturn in tax receipts and to necessary bailouts.

Running a deficit is currently the best thing to do. To counter the deficit, the government should be doing more than it is to create jobs. Deficit fearmongering is a political stance, not an economic stance. The article regarding deficits is added to the second, thinner pass-out.

The present government must raise taxes. It once had the courage to tax all Ontarians specifically for health care. I was sitting at Tammy's restaurant in downtown Dundas with Ted McMeekin a couple of days after the tax was announced, and my coffee was kept continuously hot by the comments that were fired at Ted.

The government survived. The government had the courage to harmonize the provincial sales tax and the GST. So far, so good.

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It is suspected that there are companies in Ontario that pay no tax. That needs to be investigated and the required taxes imposed and paid.

The government must be more vigilant in its administration of governance. In 2009, the Auditor General reported on the attempt to create electronic health records. That report was damning in its criticism of the way government allowed eHealth and its predecessor, Smart Systems for Health, to let spending go out of control with few safeguards to protect tax dollars; eHealth paid \$16 million in untendered contracts to consultants. It is not public health care that caused the fiasco. Let not the sins of the fathers—that is, the government—be visited upon the children; that is, the citizens of Ontario.

On a recent Oprah show, the lovely host was speaking with a man from Sweden. She commented that Swedes have “socialized medicine.” With a large smile, her guest responded that in Sweden, they like their young people and their old people. They like to ensure that everyone is properly cared for. Let it be so in Ontario.

The Chair (Mr. Pat Hoy): Thank you. Your time has expired.

We will move to the government. Mr. Ramal.

Mr. Khalil Ramal: Thank you very much for your presentation. We listened to a similar presentation done by the Cambridge people earlier in the morning.

You mentioned our investment in health care. I’m not sure why you’ve been talking about privatization of health care. As you know, we believe strongly in publicly funded, accessible-for-all health care. We’re going to continue our trend in the future.

You’re talking about less funding for health care. I’m not sure how you get your statistics. If you go to our budgets from 2003 until now, you see our budget for health care being doubled. Even though you talk about hospital budgets here, on the last page of your first presentation, talking about less than 2008—because as we transform health care, we split it between community health care and hospital health care in order to lower the pressure on emergency rooms. How are you getting your—

Mr. Kenneth Jackson: That’s good news. Thank you for that. I appreciate it very much.

What I’m looking at is the way the local scene in Hamilton presents itself publicly. If it is so that the government is raising the money it spends on health care, why does it seem that there are fewer services and there is greater strain on the health care system in Hamilton? I can’t explain it. That’s where I get my information from.

Ms. Leeanna Pendergast: I just wanted to jump in. Thank you specifically for page 3 and for the attachments.

I appreciate your comment about the large portion of the deficit caused by the ongoing economic crisis. I think it’s really significant to point out that it is a global crisis. It’s not just in Ontario. Thank you, because sometimes people forget that. They don’t have that perspective.

I also want to thank you for your next paragraph, which says that deficit fearmongering is a political stance, not an economic stance. I think that’s a brilliant statement. Do you want to elaborate on that at all?

Mr. Kenneth Jackson: I don’t know if I can. My problem with speaking is that I want to say something quickly.

I think it’s too easy for governments to use scare tactics. I’m reminded of an article that appeared in Saturday’s Globe and Mail about Brian Mulroney telling the Prime Minister to do something big and perhaps look at health care. The Honourable Mr. Mulroney said that health care costs are going to rise to account for 75% of our government budgets. That is simply to, again, try to use scare tactics to scare people into doing what other people want them to do.

Ms. Leeanna Pendergast: The government believes in transparency, telling people how difficult it is and working with them, and I really appreciate that.

The article in the New York Times saying that they report it as if they were facts, yet they’re not—thank you for that.

Also, thank you for your statement about the HST. The government had the courage to harmonize the sales tax, because it was the right thing to do. Oftentimes, it’s difficult to convey that message. It’s easier just to sort of, as you said in the article, make up things that aren’t necessarily the case. So I thank you for the courage to sit here today and say that.

Thank you both. Thank you for your time.

The Chair (Mr. Pat Hoy): Mr. Ramal. We have a minute left.

Mr. Khalil Ramal: You talk about the P3—it wasn’t P3—third partners to participate in building hospitals. I’m not sure if you know or not, and I’m telling you for the record, the majority of the unions that were building those hospitals participated in financing that stuff. So I think the money is going to go back to the workers who are doing it.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Kenneth Jackson: Thank you all for your attention and for your very kind comments. This will encourage the people back home.

LITERACY LINK SOUTH CENTRAL ONTARIO LITERACY COALITION

The Chair (Mr. Pat Hoy): I call on Literacy Link South Central to come forward, please. Good morning. You have 10 minutes for your presentation. The questioning will come from the official opposition this time. I would ask you to identify yourselves before you begin.

Ms. Tamara Kaattari: I’m Tamara Kaattari from Literacy Link South Central.

Ms. Lesley Brown: I’m Lesley Brown. I’m the executive director of the Ontario Literacy Coalition.

Ms. Tamara Kaattari: We are here today to talk about the importance of increased funding for adult literacy programs in Ontario. The Ontario Literacy Coalition and Literacy Link South Central, on behalf of our members and the 60,000 adult learners in Ontario, appreciate the opportunity to speak with you today. Lesley is going to kick off our presentation.

Ms. Lesley Brown: I also want to acknowledge the importance of the two-year funding provided to literacy and essential skills in the 2009 Ontario budget.

Ontario is on the road to recovery, and that's really welcome news for all of us. For Ontario to thrive, every Ontarian needs to contribute to our province's prosperity. That means we have to equip the 42% or, said another way, two out of five adults who do not have the adequate skills to read, write or handle technology in order to contribute to our economy and to function effectively in day-to-day life.

To better understand the need for adult literacy in Ontario, let me first clarify it. Only 3% of the population could really be defined as functionally illiterate, but over 40% of the population in Ontario have literacy skills below the level considered sufficient to function reasonably well in all aspects of a person's life.

To be literate today means far more than being able to read and write. It means being able to deal with numbers and use technology effectively. All jobs, including lower-skilled and entry-level jobs, are increasingly requiring knowledge and expertise with technology.

In 2009, the Ontario government increased its investment in literacy and skills programs for Ontarians. This was for the first time in over a decade. The impact of the additional investment of \$45 million a year is now beginning to show real results. We need to keep it going, sustaining the investment in the full spectrum of literacy programs for Ontarians.

We acknowledge that Ontario's increase in support to literacy was made possible through an increase in training funding from the federal government through the economic action plan. With respect, we submit that providing Ontarians with the skills and training they need is really the responsibility of both levels of government. Failure of the federal government to sustain funding for provincial training programs does not, in our view or the view of learners in Ontario, absolve the province from its responsibility to Ontarians.

The low literacy attainment of adults really directly affects our economy. TD Bank Financial Group, in its own analysis, shows how investing in literacy can make a difference, citing that an increase of 1% in literacy can boost the national income by \$32 billion.

A human resources and skills development study found that the capacity of labour markets, firms and individuals to adjust to change, improve productivity and capitalize on technological innovation depends in large measure on the skills of the adult population.

Workplaces are also recognizing the critical role a skilled workforce plays. The Ontario Chamber of Commerce, in their 2010 survey of economic leaders,

recognized the importance of developing and retaining a highly competitive workforce in Ontario.

Ontario has been impacted by the global upheaval of the past few years. Economic shifts, loss of certain sectors such as manufacturing, and technological enhancements in the workplace have highlighted the change for many Ontarians who found themselves without adequate skills to either maintain their current jobs or to move into new jobs when they became unemployed.

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Ms. Tamara Kaattari: Information that Literacy Link South Central gathered through interviews with hundreds of displaced workers identified that although these workers had years of experience and strong work ethics, many did not have the literacy and essential skills they needed in order to compete for jobs.

The Rick Miner report, *People Without Jobs, Jobs Without People*, forecasts that our province simply won't have the workforce—the quantity or the quality—to fill the complex jobs that are becoming the reality of the workplace. While much attention has focused on higher education in colleges and universities and on the K-to-12 system, not enough has been paid to the adult literacy system, a system which many Ontarians need to access in order to get to post-secondary or to support their own children in K to 12. We won't be successful as a province until all Ontarians find a place for themselves in the new economy. Literacy and essential skills programs provided through schools, colleges, the community and workplaces assist adult Ontarians in transitioning on to further education and training or to different forms of employment.

The increased investment in literacy and essential skills training over the past two years has begun to show results. Last year, in London and Waterloo region alone, over 7,000 adults exited adult learning programs. Of those, almost 5,000, or 70%, moved on to further education and training or to employment.

Literacy and essential skills programs have supported Second Career, the province's employment support program. Second Career applicants who took the time to review or build their foundational literacy and numeracy skills were more prepared for post-secondary success.

Not only did adult literacy programs across Ontario serve an additional 13,000 people as a result of the stimulus funding; they also increased their ability to integrate social media and distance learning into adult literacy programming, which provided even greater access to Ontarians. For example, one of our local programs had a student who was deployed to Afghanistan. He continued his upgrading studies while he was on duty, uploading his lessons on a weekly basis so that when he was able to come back to Canada he could further his opportunities.

Literacy and online learning are being combined to meet the skills needs of local employers. Goodwill Industries retail locations throughout southwestern Ontario, with 200 employees, now have access to a dozen

online training opportunities in areas like WHMIS, health and safety, customer service, family literacy and how to participate in online learning.

Although the time frame for stimulus funding is coming to an end, the demand for adult literacy programming is not. Even though the economy is beginning to improve, it will be several more years before the demand upon literacy programs abates.

If we have to return to funding levels from 1997, it will mean we cannot serve Ontarians who face serious impediments to gaining employment opportunities, including training for the jobs of the future. In London and Waterloo region, for example, we project that over 3,000 adults will not have access to services or they will have access to reduced services because there will be 300,000 hours of instruction that will be cut. If you multiply these numbers across Ontario, you will begin to see the impact if adult literacy programs revert to 1997 funding levels.

Ms. Lesley Brown: The additional investment in adult literacy programs opened opportunities for over 13,000 Ontarians to access programs to upgrade their skills. Economically, socially and from a community perspective, these are good results. We deliver value for money. Investment in literacy and essential skills improves the lives and economic self-sufficiency of Ontarians in every community in the province.

We salute the Ontario government for its 2009 additional investment in literacy. It's a good start; we need to continue.

Thank you for your attention.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Ms. Witmer.

Ms. Elizabeth Witmer: Thank you very much for your presentation. I'm a big supporter of the work that you undertake. I know that in my own community of Kitchener-Waterloo it has made a significant difference in the lives of many, many people. We've had people displaced from what they thought was a lifetime job in the manufacturing sector, and obviously it wasn't, and now they need the skills to move forward. At the same time, we have many jobs in the high-tech sector where we can't find employees to fill them. So thank you very much.

I guess the problem that we have today is that, despite the fact that we saw a significant increase in funding in 2009, and the provincial government did step up to the plate, there was also two-year funding, I believe, from the federal government. Just reaffirm with me: Everybody knew that was two-year funding?

Ms. Tamara Kaattari: Yes, they did. They knew that it was economic stimulus funding. The other thing that we're never quite clear on in the field is where the labour market agreement additional funds for literacy were coming from. Again, we're never sure if it's economic stimulus or if it's the labour market agreement that was six years in duration that earmarked \$34 million for literacy and essential skills. Technically speaking, there are three more years under that agreement that have yet to play out, so we are waiting to see how and if those

funds will flow. But that original two-year economic stimulus funding was for two years.

Ms. Elizabeth Witmer: So if you were to get the additional funds that you don't know about, would that respond to your need?

Ms. Tamara Kaattari: Yes, it would greatly respond to the need. Even of the \$45 million that was flowed per year, \$25 million a year was flowed directly for delivery in agencies. The \$34 million, if it were to come through the labour market agreement, would certainly fill that need and allow us to continue to provide increased service.

Ms. Elizabeth Witmer: Why do you think it's not going to come?

Ms. Tamara Kaattari: Because we have been told to do our business planning for the next fiscal year based on the funding levels that we had in 1997.

Ms. Elizabeth Witmer: So the province has communicated that information to you?

Ms. Tamara Kaattari: Yes.

Ms. Elizabeth Witmer: And have they told you why they're not going to provide that funding, as they should?

Ms. Tamara Kaattari: No, I wouldn't say they've said that in so many words. I think we are all still speculating, wondering if that money is going to be released through the labour market agreement. Those of us who operate at the ground level are not privy to those kinds of conversations between levels of government. We simply plan based on the funding levels that we're told to plan for, and then we try to examine the fallout that will come from that.

Ms. Elizabeth Witmer: Basically, you're telling me that so far, you've been given no reason for any optimism that the money will flow.

Ms. Tamara Kaattari: Yes, that's exactly what we're telling you.

Ms. Elizabeth Witmer: And you've been asked to go back to?

Ms. Tamara Kaattari: The level of funding that we had prior to the two-year stimulus package. As Leslie mentioned, we hadn't seen an increase in the previous 10 years before that, so essentially, we are moving back to 1997 levels.

Ms. Elizabeth Witmer: It's unbelievable, in this day and age, given the economic upheaval we've seen in the province of Ontario, that we'd even be thinking of going back to the 1997 levels, because I think, as you've indicated, there are going to be thousands of people who obviously are going to continue to have to access welfare and aren't going to be able to provide the support to their families and have the dignity of having a job.

Your ask today, then, if you wanted to get a message across to those of us: What is it that you want us to hear?

Ms. Tamara Kaattari: I would say that some way, somehow, whether it's through continued economic stimulus funding or whether it's through the honouring of the agreement that has already been put in place between the provincial and federal government, additional dollars continue to flow to adult literacy programs so that we can

meet the needs of the people in our communities. Otherwise, we are going to have to shut down some programs, restrict others and possibly have to ask people within programs to leave. I'm not sure how they're going to be able to get a job and keep a job if they don't have the foundational skills that are required by employers.

Mrs. Elizabeth Witmer: What happens to people when you tell them you can't accommodate them?

Ms. Tamara Kaattari: We've had a number of situations where people have contacted us out of frustration because they know that they have to improve their skills; they don't have a level of education that is grade 12 or a GED. Many of them have to do academic upgrading before they can even entertain the idea of doing credit courses. They just feel completely powerless. They don't have the options. They have the desire to work. They have strong histories of working in many cases because they were at a company for 20 or 30 years, so it's incredibly frustrating. They feel like there's nobody out there listening or respecting the fact that they have been a contributing member of society for a very long time, and now they cannot access services that they feel very much they should be able to access.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Tamara Kaattari: Thank you.

ONTARIO GRAINS AND OILSEEDS SAFETY NET COMMITTEE

The Chair (Mr. Pat Hoy): Now we'll hear from Ontario Grains and Oilseeds. Good morning, gentlemen. You have 10 minutes for your presentation. There could be up to five minutes of questioning, coming from Mr. Tabuns of the NDP. Just state your names before you begin for our recording Hansard, and you can begin.

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Mr. Leo Guilbeault: Good morning, honourable members. My name is Leo Guilbeault. I'm the chair of the Ontario Grains and Oilseeds Safety Net Committee. I'm joined today by Jeff Davis, who's an executive member of the safety net committee. The safety net committee represents over 28,000 farm families in Ontario who grow soybeans, wheat, corn, canola and edible beans.

As I said, my name is Leo and I've been farming for over 30 years in the Windsor-Essex county area.

Mr. Jeff Davis: I've been farming for 20 years in the St Thomas area.

Mr. Leo Guilbeault: The labour and innovation of Ontario's grains and oilseeds farmers bring in over \$2 billion in receipts a year for food and biofuel products. The industry as a whole has an economic impact of over \$10 billion per year, providing direct employment to over 40,000 Ontarians.

Until the economic turnaround, the manufacturing industry was the number one economic power in Ontario, but since the turnaround, if you look at the numbers, agriculture has now become the leading economic provider

in Ontario. So we're a substantial force as far as an economic engine of this province.

Our farmers feed the cities of Ontario and the cities of the world. I'm sure you've seen our campaign over the years, Farmers Feed Cities.

We're here today to ask the government to make a permanent contribution to the risk management program for the grains and oilseeds industry in Ontario. This program is also known as RMP.

Mr. Jeff Davis: What is the RMP? RMP is similar to an insurance program that the grain farmers pay a premium to to protect against such uncontrollable factors as the volatility and collapse of commodity prices, unexpected increases in the cost of inputs such as fertilizer and oil, and the high Canadian dollar and currency fluctuations.

RMP claims are only triggered if the market price for a commodity falls below the provincial average cost of production. By design, RMP compensates farmers when factors such as unfair international subsidies, a volatile Canadian dollar and collapses in commodity prices come into play.

We have provided the committee with a chart of commodity prices over the last four years. You will see the vast fluctuation and volatility of prices that our industry has been subject to: oil at a high of \$147 a barrel and a low of \$69 a barrel in one year's variance; corn at a high of \$6.84 a bushel to a low of \$3.39 a bushel, and there again, one year's variance; soybeans, a high of \$16.12 a bushel and a low of \$9.49 a bushel; and wheat, \$8.18 a bushel to a low of \$4.54 a bushel.

This summer, many corn producers sold some of their corn when they thought \$4.50 a bushel was a high price. Today, corn is at \$5.70 cash price and \$6.60 on the Chicago futures market. Fuelled by high demand, poor growing conditions elsewhere and excellent growing conditions in Ontario, the price of corn continues to rise. Those who sold early are missing out on higher prices. But just six months ago, some producers were selling at \$3.60 a bushel. This is the volatile market that we operate in.

For family farm operations, the volatility of agricultural markets puts considerable stress on finances. RMP gives us the ability to plan for the future by providing a sense of long-term stability. We have heard from many government officials that this is how government programs should be designed: shared risks and shared funding. RMP is a true partnership.

Mr. Leo Guilbeault: I'd like to take this opportunity on behalf of our members to thank the government—the Premier, Finance Minister Dwight Duncan, and the agriculture minister, Carol Mitchell—for showing leadership in implementing the risk management program. Thank you.

RMP is a program developed by farmers for farmers. It started off as a three-year pilot project. Last July, it received a one-year extension. Now we're here to ask you to make RMP permanent.

Honourable members, we understand that the government is facing some tough decisions in setting its financial priorities in the coming year. As farmers, believe me, we understand what that's like. We know what it's like to run deficits and operate for many years with negative margins. In fact, this is exactly the situation that we were facing in 2007 when the RMP was developed by farmers for farmers.

In the three years of the pilot project, the grain farmers have paid \$48 million in RMP premiums to the province of Ontario, and the province of Ontario paid out \$66 million in benefits back to the farmers. The total cost to the province was only about \$18 million over that three-year stretch.

RMP is very popular among the farmers, and their commitment to the program was evident again this year. Farmers have signed up and paid their premiums to the program in spite of the fact that commodity prices are high and we know there's no assurance that the program will be here next year. Our producers like RMP and are committed to making it work.

Without RMP, we could go back to the system of ad hoc emergency funding for commodities and sectors in need. History has shown us that that does not always work. Ad hoc programs show up too little and too late, and often show up in the wrong hands. Ad hoc funding is also far more expensive and less predictable for the government than a shared-cost, shared-risk program like RMP.

We do not know what the future of the program is. We have been told by the province that the federal government needs to come on board as funding partners. However, the federal government has stated that they will not revisit business risk management programming until 2013, when the Growing Forward agreement expires. Actually, in the current Growing Forward, there's not a business risk management component to it. For us, this is too little, too late. We're still pressuring the federal government to reconsider this decision, but we are not optimistic that anything will happen in the immediate future.

As farmers, we are stuck in the jurisdictional Ping-Pong between the province and the federal government. Most of our programs are jointly administered and funded by two levels of government, leaving the industry vulnerable to intergovernmental squabbles that commonly occur in Canada, ultimately to the detriment of farmers. We are of the strong opinion that someone needs to go first, and we are thankful that the Ontario government has stepped up and taken on a leadership role.

Make RMP permanent: We are requesting that the risk management program be made permanent in the 2011 budget. The program is set to expire, and farmers will lose the long-term stability that the program provides. RMP is a critical pillar in supporting the multi-billion-dollar industry that feeds Ontario cities and keeps our rural communities thriving. It's time to make RMP permanent.

There are two of you around this table who are directly involved with RMP because you're farmers. The rest of you all have a vested interest in agriculture because you do eat breakfast, lunch and dinner every day, and we are proud to provide that for you guys. All we're asking for is the continued support that the province has shown. We thank you for your time.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to Mr. Tabuns.

Mr. Peter Tabuns: Thank you very much for coming in and making this presentation today.

When the program was set up, what sort of commitments were made to assessing it once the pilot period was over?

Mr. Leo Guilbeault: The pilot was set to be three years, and then the province conducted a study after it was done to see the successes or the failure of the program. The province deemed it to be a success hugely because of the wide support of the farmers and the support that it got throughout the government ranks, so they extended the program for this past crop year, 2010. That's where we sit today. By their own study, they deemed it as a successful program.

Mr. Peter Tabuns: Are there other jurisdictions in North America or western Europe that run similar programs, and do they have a similar experience to what we've had in Ontario?

Mr. Leo Guilbeault: If you look at other governments around the globe, that's who we compete with: other government funding of agriculture programs. Our neighbour to the south, the US, has the US farm bill, which is a great funding source and protection source for their farmers, and I think you see that across Europe and across some smaller Asian countries also.

Mr. Peter Tabuns: It's interesting to me. Farmers put in, clearly, a lot of money, counterbalanced by payments that came out. Do you envision a program that would be largely self-financing, or one that would consistently require government money put in to make sure that it happened and worked well?

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Mr. Leo Guilbeault: It's an insurance-based program, so we're not much different than our crop insurance program, which is funded federally and provincially—actually, one third, one third, one third by the farmers, the province and the feds. We're envisioning this program to be a similar style, so it would require some funding.

On the other hand, it doesn't mean that there's going to be a payout every year. If we look at this coming year, where commodity prices are high, we're still going to pay our premiums as far as farmers go, but it doesn't mean that the province is going to have a payout.

Mr. Peter Tabuns: Right.

Mr. Leo Guilbeault: But we want a permanent program that will take those highs and lows and dips and valleys, because it's not fair to either the government or us to come to the government only in times of crisis. It should be a permanent program that would cover the

crisis in the years when it's needed, and in the years when it's not needed, at least we know it's there.

Mr. Peter Tabuns: Yes, I can understand that.

Mr. Leo Guilbeault: It's like buying house insurance. You buy house insurance every year, you pay the premium, but you don't hope that your house is going to burn down, right?

Mr. Peter Tabuns: Absolutely true.

If this program had not been in place over the last few years, can you give us some sense of the scale of farm bankruptcies or farms going out of business that we would have seen?

Mr. Leo Guilbeault: It's a hard number to come up with; certainly, if we did some deep digging, we could, through the financial institutions. But what it does is it provides farmers with a bankable program so they can go to their financial institutions when they're doing their cash flows—we're all businessmen now, and when we put our cash flow together every year, we can go to our lending institutions and say, "This is what our cash flow will look like. If it doesn't work out, this is what kicks in: crop insurance kicks in; RMP kicks in; AgriStability kicks in, blah, blah." It makes it a lot more bankable and predictable cash flow unit for the financial institution to look at.

Mr. Peter Tabuns: Prior to this program coming into place, were there substantial problems with bankruptcies and farmers being driven out of business?

Mr. Leo Guilbeault: Absolutely. If you look at the years from 2003 through to 2007, when we faced way below the cost of production, a lot of us were cashing in our life savings to keep the farm up and running because we didn't have an effective program running. Bankruptcies were very common at that time.

Mr. Peter Tabuns: Right.

Mr. Leo Guilbeault: We already lost two generations of sons and daughters who aren't coming back to the farm in those years, and we're trying to prevent that again, to make agriculture a stable economy and a stable industry so that our kids will see a future in it. Let's face it: We all still need to produce food to survive—

Mr. Peter Tabuns: No question; I'm a fan of food, believe me.

Mr. Leo Guilbeault: —but if we keep losing our sons and daughters because they don't see a future in the industry, who will be around to do it in the future?

The Chair (Mr. Pat Hoy): Thank you for the presentation.

Mr. Leo Guilbeault: Thank you. Nice to see you again, Mr. Chair.

The Chair (Mr. Pat Hoy): Good to see you.

GREATER KITCHENER WATERLOO CHAMBER OF COMMERCE

The Chair (Mr. Pat Hoy): Now, the Greater Kitchener Waterloo Chamber of Commerce. Good morning. I'm sure you know how this goes.

Mr. Art Sinclair: I have an idea.

The Chair (Mr. Pat Hoy): You have 10 minutes, and five minutes of questioning. If you'd just state your name for our recording.

Mr. Art Sinclair: Sure. My name is Art Sinclair. I'm vice-president of the Greater Kitchener Waterloo Chamber of Commerce. I believe our brief has been circulated. I will try and be brief in my points to follow up on my colleagues here from the agricultural industry. I don't want to prohibit anyone from supporting them because I know that lunch is next on the agenda, so I will try and be as brief as possible so everyone has an opportunity to support the great agricultural industry here in the province of Ontario.

To start with, there are a few things. Before we get into our priorities for 2011, I'd like to acknowledge some significant achievements that we received as a chamber of commerce in terms of our requests and recommendations for last year and the government delivering on them over the last 12 months.

For the last two years, one of our priorities has been the reform of the underserved area program for physician recruitment. Our position in Kitchener-Waterloo—we've always been non-underserved-designated, so we've been at a significant disadvantage against a lot of other municipalities in terms of recruiting physicians. After some significant lobbying and some significant assistance from Ms. Pendergast, Mrs. Witmer and Minister Milloy, we received some significant changes to the program last March when Minister Matthews announced that some reforms were being made to the program for the recruitment of family physicians. We are now significantly better off than we were a year ago in terms of our ability to recruit physicians. We're now in a position where we can recruit doctors with return-of-service agreements, and we can recruit them to the community. That was a significant accomplishment, and I'd like to thank all the government members for assisting us on this.

We received two significant funding announcements this past year with respect to transportation: One was the \$300 million that Minister Wynne delivered last June for a region of Waterloo rapid transit system. That is something that we have included in past presentations to this committee and that was also a very significant funding announcement that we're quite pleased with in the community. Obviously, infrastructure development is critical to managing the growth that we are expected to incur in Waterloo region over the next 20 years, so again, we're quite grateful for this funding assistance.

As well as the funding commitment on rapid transit, we also received word this past November that GO Transit will be running train service from Waterloo region to Toronto starting this fall, in November or December. Again, that's a significant achievement and a significant contribution to the community, because obviously, we're interested in developing a lot of economic linkages with communities to the east of us in Waterloo region. We're very grateful for that announcement as well, and this is also something that we have

been recommending for the past number of years in our submissions. Again, we're quite pleased with what we've received in the community over the past year from the provincial government.

In terms of our recommendations for this year, on the fiscal side, obviously we're seeing some improvement. I believe I pointed out a report from RBC which indicates that the adjustments in the provincial finances, where Minister Duncan has dropped the deficit projections by \$1 billion, a lot of that is due to an increase in corporate taxes. Obviously, that's good news from a business perspective, that corporations are paying more revenue to the government because they're making more money. That's certainly a positive sign. However, I guess our big concern is with respect to any possible move towards more corporate taxes. We feel that that wouldn't be appropriate at this point in time, as we're still in a recovery mode from the recession. Certainly, we wouldn't recommend any new corporate taxes or increases in corporate taxes at this point in time.

Secondly, on the program spending side, I think it's quite clear that in fact, the key to achieving deficit and debt elimination targets, both on the federal and provincial side—program spending restraint is going to be key to meeting those targets. We're recommending probably a 2% to 2.5% increase in the annual program spending as being reasonable to achieve the deficit reduction targets that both the federal and provincial governments have come up with. Those are our recommendations on the economic side.

A year ago, we made a recommendation, and this was included in the report that the committee did at the end of their hearings. We provided a recommendation for the province to set up a ministry of manufacturing. At that point in time, one of the things we pointed out was that the Ministry of Agriculture supports farmers, the Ministry of Northern Development, Mines and Forestry supports the respective economic sectors of northern Ontario, and the Ministry of Tourism supports that economic sector. We certainly heard from a lot of manufacturers in Waterloo region, where manufacturing still is a very important part of the local economy, that a similar ministry should be developed to support the local manufacturing sector. We're back making that same recommendation again this year.

Obviously, we've seen some improvement in the auto sector. Sales are up in the United States, which is obviously good news for the local manufacturing sector here across Ontario. But locally, we received somewhat of a shock this past week with the announcement that Colonial Cookies, which is a cookie and snack manufacturer in south Kitchener, is in receivership and 400 jobs have been temporarily lost while the trustee in bankruptcy is looking for a possible buyer. Again, there's still some uncertainty in the manufacturing sector, and I think probably having that ministry of manufacturing would be critical for addressing a lot of these issues for the sector going forward.

Thirdly, we were quite active at the chamber this past year, putting together a submission to the Ministry of Finance on pension reform. Obviously the financial services sector is a big component of our membership and the local economy; we have Sun Life Assurance and Manulife with significant operations in Waterloo region. From the perspective of our membership, both as providers of pension and benefit services and small employers, we see the pension portfolio as being quite critical. Again, based on our discussions with the membership, one of the things that we constantly heard was that what they want to see was more small and medium-sized employers participating in group benefits and pension programs. The employers want it. Both the employers and the employees feel that this is a priority, and they want to see improvements in the legislative and regulatory regimes to make that possible.

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We've been quite fortunate. Our chamber of commerce, for the last 25 years, has partnered with the Cowan insurance company, originally based in Princeton, just east of here, between here and Woodstock. We've been partnering with Cowan Insurance now for about 25 years on a group benefits program for chamber members, and it's a very valuable service that we can offer to our membership. That's the type of framework and the type of program that we would like to see expanded on so that more and more employees amongst small and medium-sized employers will be covered. Again, I think we made that quite clear in our submission to the Ministry of Finance last November.

Another issue that we've identified as a priority is funding for post-secondary education. You heard in an earlier presentation, 15 minutes ago, about the importance of literacy development. We agree with that, but we also feel that there's an imperative requirement to continue investments in post-secondary infrastructure. The knowledge infrastructure program that Minister Flaherty announced two years ago has been, we think, a significant benefit to our community. All three institutions—Conestoga College, the University of Waterloo and Wilfrid Laurier—have benefited from this.

I often use the analogy, with respect to the importance of post-secondary education—we're in a situation in Waterloo region where the high-tech employers, such as Research in Motion, OpenText and other smaller organizations, at this time require about 2,000 employees. So, certainly, a lot of the growth in Waterloo region over the next 25 years is going to come from the technology sector. If we have people coming to work in the technology sector, obviously there's going to be a significant demand for housing. Of course, one of the things that Conestoga College has been developing in the last number of years has been their capacity for construction and construction technology programs. If we're going to have people coming to work in the tech sector, we're going to have a significant increase in residential housing demands.

Really, the demand for education and educational services is going to be pretty significant across all portfolios, so we've recommended that the province and the federal government continue with some type of initiative to ensure that we have the funding available for infrastructure development on campuses.

The final recommendation we have revolves around a relatively new concept in public policy. It relates to something called social finance. Our community particularly, and I think a lot of other communities across Canada, has recognized that there are many not-for-profit organizations and charities that need a significant source of committed, long-term and sustainable funding to make their operations viable. There is an organization that was established recently called the Canadian Task Force on Social Finance. It includes a number of people in private finance, in government. Former Prime Minister Paul Martin is a member of this committee. In our community, an individual, Tim Jackson, who's been involved with a number of technology start-ups over the years, is also a member of this committee, and he spoke at a chamber event last November. Subsequent to him speaking, the task force on social finance released a report that includes a number of recommendations on how governments can assist charitables and not-for-profits in securing the funding that they need to be viable.

We have included one recommendation. There is a series of recommendations in the report, and I would encourage everyone to review this report. It is quite interesting. But one specific recommendation they've made is that charities and not-for-profits should be eligible for a lot of the business support programs that private sector businesses are eligible for. If that were applicable, then a lot of these organizations would be able to secure the funding they need to be viable.

Again, those are my recommendations. I thank the committee for the opportunity to appear this morning.

The Chair (Mr. Pat Hoy): Thank you. You did indeed cover a lot of ground. The questioning goes to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Good morning, Mr. Sinclair. Thanks for being here. On behalf of Elizabeth Witmer and myself, I welcome you—a good Waterloo county welcome this morning. I guess it's the region of Waterloo.

Mr. Art Sinclair: There's something in the water in Waterloo, yes.

Ms. Leeanna Pendergast: Right, what's in the water? So we welcome you this morning and thank you for being here.

Thank you for this thorough submission. As always, the leadership that the Greater Kitchener Waterloo Chamber of Commerce has shown in the past and continues to show is greatly appreciated. As a government, we enjoy working with you. We appreciate your comments and insights.

The priorities that you've put forward on page 2—I wanted to go to the first two but do that last. Of course, your “no new or increased corporate taxes” comment:

We understand that. The almost \$2 billion that will be saved by businesses with the capital tax elimination for all business: Of course, we understand that.

As I move through your recommendations, there are some excellent comments about the Ontario deficit being lowered to \$18.7 billion, almost 25% lower.

You're talking about how business investments increase when taxes on them decrease, and of course coming from Waterloo region with many business start-ups, we appreciate that. Of course, by 2014, with the reduction of the business education tax, we'll continue to support businesses.

The manufacturing comments that you make are quite interesting. I was very fascinated by the recommendation of the establishment of a provincial ministry of advanced manufacturing—highly exciting; quite brilliant, actually. Then I went to your second comment: restraints on provincial program spending. I don't know how much it costs to start up a ministry, and I'm not familiar with what the dollars would be on that, but it would be a substantial commitment. Looking at those first two things: establish a ministry, which is a brilliant comment; followed by your second comment to restrain provincial spending—how do you rationalize that?

Mr. Art Sinclair: We haven't done an awful lot of analysis in terms of what the costs might be, but we were thinking it may be a situation of moving people out of existing ministries, such as economic development and trade primarily, and moving them into a new stand-alone ministry.

Again, I think the key thing is, when discussions come up with respect to manufacturing issues or industrial development issues at the cabinet table—you have a Minister of Agriculture for the food industry. You have a Minister of Northern Development, Mines and Forestry for those key sectors of the northern economy. Certainly, what we've heard from other manufacturers in our community is, “Where's our advocate at the cabinet table?” I think that is a key thing: having those persons with a presence at Queen's Park, because to a large extent the manufacturing sector is southwestern Ontario-based. It's very much a regional industry. Yes, there is some manufacturing in northern and eastern Ontario, but it's very much focused here in southwestern Ontario. Again, when you add that Ministry of Northern Development, Mines and Forestry, which has been an advocate for sectors of the north—and speaking with our chamber colleagues in the north, they very much like the role that MNDMF supplies for them. We think, in fact, a similar organization for southwestern Ontario and the key driver in the economic sector here in southwestern Ontario would be an effective vehicle for making sure that a lot of the issues are addressed.

Ms. Leeanna Pendergast: Your recommendation about pension reform—we thank you for your submissions that you submitted last November. As you're aware, Bill 120 moves toward the pension reform and addresses many of the recommendations in the Arthurs

report. Again, we thank you for your input on behalf of the chamber.

Social finance, fascinating again: As the chair of the financial literacy task force working group that went around the province, working with the federal task force on financial literacy, I see that all working together with social finance as well. I can see a link there that I hadn't seen until this presentation.

Thank you, of course, for highlighting what's going on in Waterloo region with Capacity Waterloo and Tim Jackson, and the idea that the government is just beginning to move into this area of government business development expanding to include charity and not-for-profit—and continue to encourage you to give your support, vision and ideas, and to thank you for your ongoing leadership.

At the end, you talk about business requiring a strong government partner. We have that partner in the chamber of greater Kitchener-Waterloo, and we thank you for that.

Thank you for your time today.

The Chair (Mr. Pat Hoy): Thank you for your presentation this morning.

For the committee, as I mentioned, checkout time is at noon. You can leave your items in this room; someone will be here throughout. Lunch is in suite 300. It's on the third floor. Apparently, there are signs all over the place to tell you how to get there.

We are recessed until 1 o'clock. I would ask you to be prompt in that.

The committee recessed from 1209 to 1300.

SARNIA LAMBTON CHAMBER OF COMMERCE

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order.

Our first presentation this afternoon is the Sarnia Lambton Chamber of Commerce, if you'd come forward, please. Sit anywhere you like. They control the microphones from beside me.

You have 10 minutes for your presentation. There could be up to five minutes of questioning, coming from the official opposition this time. Before you start, just state your names for our recording Hansard and then you can begin.

Ms. Katherine Walker: Katherine Walker, Sarnia Lambton chamber.

Mr. Garry McDonald: Garry McDonald from the Sarnia Lambton Chamber of Commerce.

Ms. Katherine Walker: Good day, and thank you for the opportunity to provide input from our 1,040 chamber businesses in Sarnia and Lambton county. Our primary concern is that you have a clear plan in place to control the size of the deficit and reduce provincial debt, returning to a balanced budget within a time frame that continues to stimulate the economy and does not hurt jobs.

We are hearing from many of our member businesses, large and small, that one of the biggest issues facing them is red tape, primarily provincial red tape. Compliance regulations and standards, along with duplication of paperwork to meet audit requirements of both the federal and provincial levels, creates a disadvantage and severely limits business's ability to be competitive. The cost to do business in Ontario eats up ever-shrinking margins, discourages investment, eliminates growth and pressures sustainability.

We do note that you have the Open for Business strategy that the government needs really badly to implement, and we certainly hope that it is a success.

It is also our hope that Ontario works co-operatively with the federal Red Tape Reduction Commission in areas where federal and provincial requirements can be merged into one reporting body and solutions are found and implemented quickly.

Mr. Garry McDonald: We polled our members, and a number of them told us a few things that we thought we'd bring to you here today. They're listed next on our presentation letter.

In our particular community we're noting that the movement towards higher air emission standards in Ontario will make us much stricter than the federal standards and those in the rest of Canada. They threaten the viability of the petrochemical industry in Ontario, and this will have a significant impact on tax revenues for Ontario for this whole sector, and a huge impact on direct and indirect employment.

Something that we've been advocating for in the last year that we're looking for your support on: the HST-GST threshold level has been set at \$30,000 since the GST was introduced in the early 1990s. In the past year, we've gained the support of the Canadian chamber and have requested that the federal government increase the threshold amount. Doing so would reduce red tape and administration time for governments, balancing off taxation losses. We would ask your support of our recommendation to the federal government to increase the GST-HST threshold to a globally competitive amount of \$75,000.

The employer health tax threshold has been set at \$400,000 for the last decade. Also, the HT is a 1.95% taxation rate that applies to all employers, whether a small business or a large national corporation. The threshold exemption should be raised to \$500,000 to reduce the red tape for small business and government and be more in line with inflationary increases. More businesses would be under the threshold and not have to spend time capturing information and filing the HT reports. Further, the rate should be reduced, recognizing small employers with payroll under \$1 million, to 1.65%.

Ontario colleges are emerging as innovation catalysts and accelerators, helping Ontario businesses overcome barriers to research and innovation. Through applied research and collaboration, Ontario colleges stimulate new research and innovation activities that would otherwise not occur. Ontario colleges' applied research ser-

vices contribute to product, process and service improvements, reducing time to market increased research and development (R&D) spending and activity. Strategies and resources to better support and expand college-applied research are needed. Funding for applied research leader positions should be provided to Ontario colleges, as in universities.

Continue to support the development of new programs designed to attract new industry to the province on the same level as a very popular system, the advanced manufacturing strategy.

Work with the federal government on programs to improve the pool of available financial capital through such instruments as flow-through shares for large capital projects like the construction of bio-based plants.

I'd like to note that Sarnia-Lambton is a willing host for additional electricity generation, and what has held back our huge involvement in the green energy area in particular is that the transmission grid west of London needs to be improved and increased in size.

The temporary recapture of input tax credits applying to large corporations—above \$10 million in sales—puts business at a competitive disadvantage compared to companies under \$10 million. A company with \$10 million in sales may only have a net income of \$100,000 a year, but they quite often employ many, many people in communities, which is exactly what our economy needs. The harmonized sales tax was supposed to simplify things for business and help reduce costs by allowing businesses to get back input tax credits on all of their purchases. This was the government's argument for why prices might even go lower after the change. While the government is planning to phase out the restrictions starting in 2015, we recommend immediately raising the threshold from the current \$10 million to \$50 million. This would relieve the burden on many small to medium-sized businesses and increase the employment that we badly need.

Thank you very much for allowing us to make these brief points for you today.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Mr. Bailey?

Mr. Robert Bailey: Thank you, Mr. McDonald and Ms. Walker, for your presentation today.

I'd like to ask you for a couple of examples. You talk about red tape, both provincially and probably federally as well. Could you give some examples, locally and probably across the province, of duplication etc. that red tape has caused to small businesses and many of your members' issues?

Mr. Garry McDonald: One of our contributing members, when he was talking to us about red tape—he's a home builder, and he represents the Sarnia-Lambton Home Builders' Association. He was talking about the Ministry of Labour, and I was a little shocked. He said that one of his contractors was telling him the other day that there actually is a requirement that he write up a piece of paper that informs his employees, and have it on file, on how to carry a two-by-four. To me, the time spent

to do a lot of these obviously logical modes in a business is just a waste of productivity in our Ontario businesses.

Mr. Robert Bailey: The other example in one of your number one issues here: the air emission standards, where the proposed emission standards would be greater than the federal standards. Can you speak specifically to how that would impact local business, both in Sarnia-Lambton and across the province, that are in heavy industry?

Ms. Katherine Walker: Everyone in Ontario wants to be greener. It isn't an issue of being a good corporate citizen. What it boils down to is the ability to stay competitive against a provincial counterpart. So if you have a petrochemical industry—and it's especially in that sector where we feel the impact, because there are many in Sarnia—if the standards are 10 times higher than what they are in Alberta, what it takes to become compliant in the period that's being required is unattainable, so these businesses will close their doors. That is not what Ontario needs right now.

Mr. Robert Bailey: One more?

The Chair (Mr. Pat Hoy): Yes.

Mr. Robert Bailey: I'd like to get another example. Could you give a little more depth about expanding the grid west of London, between London and Sarnia-Lambton, to get that green energy and other energy out of there?

Mr. Garry McDonald: We've been speaking with the energy ministry over the last decade, through the different governments, and what was noticeable was the great potential in our community to generate electricity for Ontario. We're a willing host for lots of types of electricity generation. Even with the pending closure of the Lambton generating station, there's not enough room on the grid to move a lot of the new green energies or the existing biomass energies which we can produce in our community. We're short, and this was recognized by the OPA in their report of fall 2009. I believe they've been studying it through this past winter, and we're hoping for a positive comment from them to go forward with the expansion of the west-of-London transmission.

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The Chair (Mr. Pat Hoy): Norm, do you have something?

Mr. Norm Miller: Thank you for bringing that up to me. On the red tape and regulations, you stated that it's one of the biggest issues from your businesses, both small and large. Have you got suggestions on what you think government should be doing to make it easier for business to be able to go about making money and creating jobs?

Ms. Katherine Walker: One thing for sure: Wherever there is a federal regulation and a provincial regulation and there are two separate requirements and auditors to process those and file those reports and so on—wherever that exists, it creates duplication, reduces productivity and puts the extra burden especially on small business, where it's often a one-man show running the administration of that company. Wherever there are those two

reporting bodies, if it could be merged into one, it would be optimal.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

SOUTH WEST SPINAL CORD INJURY SOLUTIONS ALLIANCE

The Chair (Mr. Pat Hoy): Now I call on the South West Spinal Cord Injury Solutions Alliance to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. This round will come from the NDP, Mr. Tabuns.

Please state your name before you begin.

Mr. Blair Watson: My name is Blair Watson and I represent the South West Spinal Cord Injury Solutions Alliance, which is a part of the Ontario Solutions Alliance. The alliance is a collaborative provincial network of individuals with spinal cord injury, service providers and researchers who are addressing systemic barriers and ensuring the implementation of best practices and customized solutions to minimize disability and maximize the quality of life.

I would like to first thank the members of the committee for your time and the opportunity to make this presentation for a respiratory support strategy. We are here to present you with a solution that will reduce the Ontario deficit and create a higher quality of service for people who require assistance with breathing.

Many people in Ontario with spinal cord injuries and neuromuscular diseases need to use ventilators in order to breathe. A substantial number of these people are living in hospital rather than in the community because adequate community services are not in place. Using bed costs, referenced in a provincial 2008 long-term ventilation report on 27 individual cases, the government is spending over \$5 million more a year unnecessarily to house these 27 people in chronic assisted ventilator care beds as opposed to living in the community.

We are proposing the development of a community-based respiratory outreach program. One such program in British Columbia offers a very cost-effective program which we could use as a model system to improve the services in Ontario.

Steven, as an example, lived a full and rewarding life as a quadriplegic for almost 26 years after a diving accident at the age of 19. Steven could not breathe on his own and used a ventilator for almost a year after his accident before he became only the second person in Canada to have a phrenic nerve pacer implanted in his chest. The pacer allowed him to speak freely again and become much more mobile.

Steven lived in a neurological intensive care unit of the hospital for almost two years before being accepted at West Park rehab hospitals. While more suitable than the ICU, West Park was still an institution and not a real home. After almost five years of living in West Park, Steven found an apartment at Humberview co-op on

Weston Road in Toronto, where he lived for 17 years. Steven's desire to live in the community was not answered for seven years. If you take the cost for that one individual, that is approximately \$7 million for seven years—\$1 million a year.

Our recommendation is to develop a community-based, province-wide respiratory outreach program. We are requesting resources to work with experts in Ontario already in place to develop and implement a province-wide, community-based respiratory outreach program that is evidence-based and provides a higher quality of life for people who require assistance with breathing and that would be at a significantly lower cost.

According to Ministry of Health statistics, we can save the government millions—\$5 million, at minimum—a year by developing the service and providing the ability for Ontarians to live at home in their community of choice. I would like to add, although I do say a five-year minimum, we are taking into account that there are also patients with a high level of respiratory need kept in ICU because of inadequate community-based programs. So we're talking about \$1 million a year for those individuals in the ICU. We ask the opportunity for these people to live a full, healthy life, go to school, get gainful employment and no longer be forced to be dependent, but to be independent.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to Mr. Tabuns.

Mr. Peter Tabuns: Blair, thanks very much for coming today and for making this presentation. I have a few questions, but the first is, if the savings are that apparent—five million bucks, that's a fair amount of money—why hasn't there been action on this? Do you have a theory?

Mr. Blair Watson: Everyone has a theory, I would say. I can't answer that question as I'm not a political expert. I don't know what budgets are involved. I know that programs have been introduced similarly and have not gone to fruition.

Mr. Peter Tabuns: Okay. So you're giving this fairly substantial dollar savings. That's already been identified in a report not by your organization but by others. What are the elements and the difference between hospital and community care that allow for such a substantial financial savings?

Mr. Blair Watson: I will fall to the fact that I am not an expert in this field. I will tell you that we have many experts in place, as I said, who are perfectly willing to meet with you at a future time and explain all this. We have people from West Park health sciences, we have Toronto East General—

Mr. Peter Tabuns: Oh, yes.

Mr. Blair Watson: —which are both recognized centres of excellence. We also have Dr. Doug McKim—I apologize for not pronouncing that properly—who is a lead respirologist in Ontario and he is currently working on best practices for the entire country. We have many more people who are very much interested in seeing this community-based program get off the ground.

Mr. Peter Tabuns: You identify 27 people here and as I skim through the report, that number reflects an incomplete survey of all the hospitals in Ontario—just not everyone responded. What is the total size of this population that is currently using services that are more expensive than they would be if they were community-based?

Mr. Blair Watson: You mean a finite member?

Mr. Peter Tabuns: Yes. Are we talking 1,000 people, are we talking 500, are we talking in the tens of thousands?

Mr. Blair Watson: I can't give you a figure. Like I said before, I'm not an expert in health statistics. There are substantial numbers out there, but I think the important thing to note is that one person who is stuck in ICU is \$1 million a year; seven people, \$7 million a year.

Mr. Peter Tabuns: That's a very easy to grasp number.

Mr. Blair Watson: Yes, which is not necessary.

Mr. Peter Tabuns: Okay. And what previous lobbying efforts have you engaged in to try and bring about these changes?

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Mr. Blair Watson: The Ontario Solutions Alliance is a new organization funded by the Rick Hansen Institute. It has been in effect for about two years. This is one of our first initiatives to get going. As for history, I'm afraid that cannot be relied upon. I will say that these are issues that have been brought to us by many people.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

LONDON HEALTH COALITION

The Chair (Mr. Pat Hoy): Now I call on the London Health Coalition to come forward, please. Good afternoon. You have 10 minutes for your presentation; there could be up to five minutes of questioning following that. I'd just ask you to identify yourselves for our recording Hansard; then you can begin.

Mr. Peter Bergmanis: Thank you, Mr. Chair. I am Peter Bergmanis. I'm a co-chair of the London Health Coalition. To my left is Shirley Schuurman, another co-chair of the coalition. To my right is Mr. Jeff Hanks. We will all be co-presenting.

Ontario health spending is the second lowest in Canada. That is our primary message here. Tax cuts, not health care, are eating up the provincial budget. Public health care in Ontario and in Canada is founded upon principles of equity and compassion. Its goal—to remove financial barriers from care when people are in need—has led to greater equality and improved quality of life for millions of people. Despite endless restructuring and cutbacks to the scope of services covered, and in spite of a masterful propaganda campaign determined to topple confidence in public health care, support for the public medicare system remains strong amongst Ontarians and Canadians.

In Ontario, the provincial government commissioned a report in recent months from TD Economics on the sustainability of public health care. TD Economics is part of TD Bank Financial Group, linked to TD Bank and TD Securities Inc., investors in the Niagara privatized P3 hospital. TD Insurance sells private health insurance. It does not come as a surprise, then, that TD Economics chose to use the most extreme numbers in its forecast and promoted a range of health privatization options as so-called solutions.

TD's support of private health care is not a solution. It is not an add-on to the public health system. It is fundamentally incompatible with the principles of equity and universality in the Canada Health Act. It would drive up costs and undermine or dismantle efforts to create a health system that is organized to meet human need for care. Yet the TD framing for this has been built into the throne speech, last year's budget and factoids on government press releases. The government should not have enabled the release of the TD report. In the future, organizations that are tied to industries that benefit from privatization ought not to be given such a strategic opportunity to press for self-serving policy changes.

The language of "unsustainability" that the McGuinty government has been using regarding health care is dangerous and untrue. It does not bfit a government that has run in two consecutive elections with support for public health care as a cornerstone of their election platform. This crisis rhetoric should stop, and the government should take immediate steps to restore Ontario's fiscal capacity because the budget choices that are being made now—choices to prioritize tax cuts over human need—carry with them significant human costs.

In fact, Ontario's spending on all government programs and services is low compared to other provinces and territories. We are third last, after Alberta and Saskatchewan, in total public spending on all programs and services as a percentage of gross domestic product.

In per person spending on all programs and services, Ontario is dead last. This means pressure on all social services that people need, from health care to social housing, education, environment and so on.

No wonder that health care looks like it's taking up a large proportion of the provincial budget. It is easy to appear as a big fish when the pond keeps getting smaller.

In terms of health spending, Ontario's spending per person is actually lower than almost all other jurisdictions in Canada, with the exception of Quebec.

While this government continues to support privatization and rationing of needed care, declaring that health care is eating up more of the provincial budget, what it fails to note is that the total budget has been decimated by more than a decade of massive wealth and income transfer, i.e., tax cuts, from the middle and lower class to the rich. And those tax cuts are continuing unabated along their destructive path, senselessly increasing provincial debt and needlessly reducing funding for health care and other vital public services.

Ms. Shirley Schuurman: I'd point out that there are statistics and graphs to back up these statements in this publication and other publications easily obtained.

Health care budget constraints have fallen on hospitals first. The provincial government has funded hospitals at less than the rate of inflation for three years consecutively. Therefore, hospitals had to restructure.

The MPPs claim there were vast increases in spending according to the provincial budget, but the global budgets on the operating budgets were actually increased by 2.6% in 2007-08, 2.1% the next year and 1.5% in 2009-10.

Ontario hospitals are the most underfunded in the nation and in the throes of massive restructuring. Much of it has been inadequately financed over the last 20 years. From 1981, when hospital spending comprised 52% of the budget, it has declined to now 37% of the provincial budget.

There is evidence that current hospital cuts are a false economy, resulting now in—and some will have their own personal experience with this—increased user fees, new transportation fees, new municipal ambulance costs, new restructuring costs and a burgeoning private consulting industry.

The evidence is now overwhelming that services and privatization of payments for former hospital services, such as chiropody and physiotherapy—there's more evidence that shows that current cuts are increasing Ontario's risk for poorer health outcomes, which will affect a person's health in their lifetime, and sometimes even death. In fact, evidence suggests that the greater the profit, the worse the outcomes. For example, for-profit facilities with the highest profit margin had significantly more regulatory inspection deficiencies than those in the next-lowest profit group.

Ontario has endless hospital restructuring, leading to shortages of in-patient beds, lack of continuity of care, cuts to needed clinics and care, long waits and cancelled surgeries. In the last two years, province-wide, up to 80% of hospitals have faced deficits. Cuts are affecting hospitals of every size. The requirements to eliminate deficits in the context of planned underfunding means that hospitals have announced layoffs for thousands of staff. You've heard of some of that on the news lately. St. Joe's laid off 39 to meet the demands of operational changes and avoid a deficit, being forced to reduce and cut core services. I was at the last LHIN board meeting and there was no mention of that layoff that happened at St. Joe's about a week or two later.

Mr. Peter Bergmanis: In layperson's terms, the consequences of inadequate hospital funding mean patients waiting in emergency departments overnight or even for days. Such situations have been widely reported at the London Health Sciences Centre. LHSC is facing bed shortages in all patient care areas, and the emergency departments at both University and Vic hospitals have reached critical capacity levels. So as to reduce planned activity and increase bed availability within LHSC, hospital administration is attempting to increase repatriation

of patients to regional hospitals, themselves under-resourced.

As a result of restructuring, St. Joseph's health centre was directed to downgrade its emergency department to an urgent care centre. Due to physician shortages, the centre has been forced to cut back hours of service and seek to contract the services of a for-profit purveyor of ER doctors in order to sustain urgent care at the hospitals.

Patients are being cared for in closets, hallways or inappropriate settings because of hospital overcrowding. Patients are being forced to travel from hospital to hospital to get access to care. Patients are forced out of hospital too early and without adequate care.

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Pain, diabetes, physio and occupational therapy clinics are closed. Because the province is not funding physiotherapy, at St. Joseph's Health Care the hospital is contemplating no longer providing the program on site.

Surgeries are cancelled, often at the last minute, causing pain, stress and hardship to patients. Operating room hours are cut back to meet budgetary demands. Infection rates are higher and hospitals are dirtier because there are fewer housekeepers.

Women's services, like mammography and breast cancer screening, are closed. Patients are forced to travel greater distances for care. Patients are threatened with high room charges if they do not move out to a long-term-care home that is not of their choosing.

There is increased fear that care won't be there when people need it.

There are new costs for restructuring, patient transfers, EMS and severance.

There are high rates of antibiotic-resistant organisms in hospitals, and nosocomial infections. Increased morbidity and mortality: 2,100 nurses have lost their jobs in the last year in Ontario, and studies have demonstrated better outcomes with more nursing staff. The workforce is casualized, and licensed staff roles are reassigned to less qualified staff in order to save money.

The patients that are being moved out of hospital are also facing rationed and inadequate care in home care and long-term-care homes. The majority of Ontario's CCACs are in deficit or face severe staffing shortages, leading to rationing and wait lists for care. Home care is poorly organized, ad hoc and largely privatized. Long-term-care homes lack adequate care standards to provide for the heavier-care patients moved out of mental health facilities and hospitals.

The Chair (Mr. Pat Hoy): You have about 30 seconds left, so perhaps if you move to your recommendations, the committee would benefit from that.

Mr. Jeff Hanks: Okay. The recommendations we make: We'd like to eliminate all the exemptions from the employer health tax. It would raise \$1.1 billion. Large profitable companies enjoy \$2.4 billion annually in wealth transfers from corporate income tax cuts alone. This revenue is lost to sustaining social programs like health care.

We recommend you:

- cancel the corporate tax cuts;
- eliminate employer health tax loopholes;
- restore hospital funding to, at minimum, meet hospital inflation and stop service cuts;
- measure and meet need for medically necessary services in all settings, including home care, long-term care, mental health care, palliative care, and restorative care;
- curb excessive administrative and executive costs in health care; and
- cancel competitive bidding, P3s and pay-for-performance hospital funding.

Please.

The Chair (Mr. Pat Hoy): Thank you. Now the questioning will go to the government. Mr. Ramal.

Mr. Khalil Ramal: Thank you very much for coming today. Of course, I'm like you: I'm in great support of publicly funded health care accessible for all. Sometimes the numbers are deceiving. You mentioned a little bit about the language of sustainability. The Premier talks about this when he talks about health care. You don't agree with me that when you jump from \$30 billion in 2003 to \$47 billion in 2010 and maybe \$50 billion in the 2011 budget, and maybe if we continue to go the same way, it will be about 70% of our total budget, and wouldn't it be difficult for us as people living in Ontario to sustain that? You don't think this requires some kind of transformation in order to be able to deliver publicly funded health care accessible for all? That's the question.

Mr. Peter Bergmanis: I'll answer that, if I may. Thank you, Mr. Ramal. I think what you may have noted there is that it's all about priorities. These are all political decisions to be made. It isn't that there's a lack of money when you choose to do something. It's just the political decision where you want to put that money.

If the government chooses to continue down a path where they want to give away the revenue streams that provide for all these social programs such as health care—and that's what I'm talking about, these needless corporate tax cuts that don't really do much more other than line the pockets of wealthy individuals and corporations—then yes, you're going to continue to find that you're going to be pressed to try to fund these programs. What the health coalition is suggesting is that you have to cancel that if you hope to maintain and sustain the health care system.

Mr. Khalil Ramal: As you know, since 2002, we committed to publicly funded health care. My question is that always we have to find a way to deliver health care in a professional and efficient way.

Also, you mentioned at St. Joseph's 39 spots being cancelled. As you know, I was there at St. Joseph's. They closed 39 spots, but they hired 10 people. They're being closed not because they don't want to service the development, but because they lost beds as part of the transformation of health care. Some of the beds went to Kitchener and some of them went to St. Thomas. Therefore, the spots were not required anymore in the city of London, not because of a cut to health care.

Also, in terms of hospital funding: As part of our transformation we split the delivery of health care between hospitals and community care access centres, opened across the province of Ontario to deliver health care in a way that supports patients while they are sick and live in their homes. So this part of the numbers reflects those things.

I know we talked to you, and we talked to all your colleagues before, and you were in support of that, in order to maintain service and also support families being able to live in their homes and, in the meantime, receive the health care they need with respect and dignity. So you're not in support of that?

Mr. Peter Bergmanis: We're in support of it as long as it's in the community, and unfortunately, the evidence is suggesting that this is not properly being funded yet. Maybe these services are moving out of the hospital setting, but there's nothing in the community replacing it, and when it is being replaced it's actually being put out for a competitive bidding process where the public provider is now competing against a private, for-profit provider who undermines the integrity of the entire public system.

So that is our biggest concern. If it was really out there in the community, we wouldn't have the casualization of the workforce and we wouldn't have people being criminalized for being mentally ill.

Mr. Khalil Ramal: Do I have time?

The Chair (Mr. Pat Hoy): There's about a minute left.

Mr. Jeff Hanks: If I could just add a bit? Some \$90 billion is taken out of health care and social programs every year because of the tax cuts, so if you reinvested some of that money it would save lives, literally. It would improve outcomes. It just would have a tremendous impact when we're approaching a severe crisis right now.

Mr. Khalil Ramal: So if you look at the budget from—I'm not going to argue with this one. All the numbers have existed for many years, and you can go back to the budget and check it out. Our investment in health care has increased, from 2003 to 2010, by almost double. We're going to continue to invest in our health care, because we care about publicly funded health care in the province of Ontario.

Hopefully we'll continue to talk; I guess we don't have much time. Anyway—

Mr. Jeff Hanks: Actually, the numbers that we have say that it hasn't increased significantly as a per cent of GDP over the years. It's still maybe—I don't want to give a number, but it hasn't increased. It hasn't doubled, as you've said. I don't believe so.

Mr. Khalil Ramal: From \$30 billion to \$47 billion. Ask the opposition; you can get the number too. It's obvious. You can go to the back of the budget. Anyway, thank you, Mr. Chair.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

UNIVERSITY STUDENTS' COUNCIL,
UNIVERSITY OF WESTERN ONTARIO

The Chair (Mr. Pat Hoy): Now I call on the University Students' Council at the University of Western Ontario to come forward. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning coming from the official opposition in this round. I'd just ask you to identify yourselves before you begin, for our recording Hansard, and you may start.

Ms. Meaghan Coker: Thank you very much. Good afternoon. My name is Meaghan Coker, and I'm the vice-president, university affairs, of the University Students' Council at the University of Western Ontario. With me—

Mr. Mike Tithecott: Sorry, the microphone wasn't working. I'm Mike Tithecott. I'm the president of the University Students' Council at the University of Western Ontario.

Ms. Meaghan Coker: I'm also the elected president of the Ontario Undergraduate Student Alliance, OUSA, and I'm here representing over 140,000 professional and undergraduate students at seven universities across Ontario.

I'd really like to thank the committee for having us here to speak to you today about the importance of investing in an accessible and high-quality post-secondary education system.

Last year, the government's Reaching Higher plan was one of the boldest investments in post-secondary education in a generation, and it has come to an end now. Over the past five years, \$6.2 billion were invested, allowing for unprecedented growth and the strengthening of our institutions.

Students have welcomed and appreciated the sincere commitment that this government has shown to post-secondary education, but there is a great deal left to do if we are to ensure Ontario's future competitiveness and prosperity. Guiding Ontario to robust economic growth will require government leadership on many fronts, but one key strategy for ensuring long-term success is to continue to invest in post-secondary education.

The provincial government's own Task Force on Competitiveness, Productivity and Economic Progress has, since its inception in 2001, recommended in every annual report that the government provide greater investments in post-secondary education. The recommendation isn't surprising considering the long-term benefits for the province.

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The Premier, with the full support of students, has set an ambitious goal of raising Ontarians' post-secondary attainment level to 70%. Accomplishing this will require that the government continue to build on its significant previous investments through budget 2011. For students, a renewed investment means commitments in three priority areas: one, ensuring access to higher education; secondly, adequately funding our institutions; and thirdly, promoting student success.

While significant investments are required to improve higher education in Ontario, students understand the government's fiscal situation. Our recommendations focus on ways to realize the greatest improvement possible at the lowest cost to government.

Mr. Mike Tithecott: Students' first priority is to ensure the accessibility of higher education through targeted improvements to student financial aid.

Students applauded last year's budget for its improvements to the Ontario student assistance program that allowed students to keep more of their employment earnings, increased loan limits and made it easier for students to repay their loans.

With such recent investments in mind, it is particularly important to re-evaluate spending. Students recommend reallocating money from a program that currently does little to nothing to improve access to post-secondary education but is the government's single greatest expenditure in student financial assistance. This program is education tax credits.

Last year, the Ontario government spent \$330 million on education and tuition tax credits. However, these tax credits do not equally benefit students. In fact, students in the high-income quartile claim nearly four times more on average than students from the low-income quartile. This is an unfortunate reality that is pulling valuable and scarce resources away from those who need it the most and it is particularly disappointing when the participation gap between high-income students and low-income students continues to widen. Students also can only receive tax credits at the end of the year, many months after they need the funds.

In 2007, the Liberal platform recognized these concerns and promised to eliminate tuition tax credits and use the savings to increase upfront grants. Students welcomed this promise and are hoping to see it realized in the government's final budget before the next election.

Eliminating these tax credits next year would immediately free up hundreds of millions of dollars to reduce students' upfront costs and would become more available in the later years as deferred tax credits work their way through the system.

Some of the funds could be used to implement a tuition freeze, which would benefit all students across the province. The remaining funds could be used to lower the OSAP debt cap, which is currently sitting at \$7,300, to \$6,250, thereby capping student debt for a four-year degree at \$25,000.

Students believe that these initiatives would benefit far more families than tax credits currently do, and it could be done at no cost to the government if the tax credits are phased out.

Students would also like to see current assistance programs being extended to more students. Many middle-income families are struggling to make ends meet and therefore cannot fully support their child's post-secondary education. At a cost of \$60 million, the government could open up eligibility for OSAP to most

middle-income families by changing the parental contribution formula that currently shuts out too many families.

Finally, Ontario access grants, which act as a tuition rebate for low-income students, are only available in the first and second years of study. This leaves many upper-year students burdened with increased debt loads. Students ask that the eligibility for the access grants be extended to all years of undergraduate study at an estimated cost of \$37 million.

Ms. Meaghan Coker: Students' second priority is to see a strong, new five-year plan for post-secondary education.

Students were encouraged when the government announced the Open Ontario plan that would include a five-year plan to improve the quality of Ontario's post-secondary education system. Students are hoping the new five-year plan continues to prioritize higher education.

Students strongly believe that the foundation of our university funding model must be fairness. Students recognize that they should contribute financially to their education, but the government also has a responsibility to adequately fund the system.

The Ontario government still spends far less than other provinces and peer jurisdictions on post-secondary education. Even after Reaching Higher, our province still ranks last in funding in Canada on a per student basis. What's more, tuition has continued to increase over the past six years, giving Ontario the dubious distinction of having the highest tuition in Canada. At many of our public institutions, students now contribute more to the operating budgets than the government.

We understand that there are many cost pressures on the government and that continued growth in our colleges and universities will further strain the budget. Students also stand with the government in calling on our institutions to better control their costs, so that new investments can go into quality improvements and not simply be consumed by inflation.

That is why we urge the government to commit to a new five-year plan that does three things: first, plan to fund the expected growth of 50,000 new university students; second, demonstrate progress toward a more fair cost-sharing model by further restricting tuition increases when the tuition framework expires next year in April 2012; and third, commit targeted funds to specific quality improvements. To accomplish this, the students of Ontario are asking the government to add \$300 million to universities' operating budgets in each of the next five years.

Finally, students' third priority is to see the government directly fund initiatives to improve student success and the quality of the learning environment. We are not asking for more government money but to have any new funding that is committed to universities be tied to specific programs for the student experience.

Currently, university instructors are not required to be formally trained as teachers, even though they will spend countless hours in the classroom. High school teachers are expected to complete a full degree in education, yet

university instructors can teach without any prior experience. Students believe that this is one of the most important changes that must take place to improve quality.

Jurisdictions around the world are stepping up their efforts to train professors. Ontario cannot afford to simply hand out the most degrees, but must have the best and the brightest workforce. By targeting \$10 million of future funding increases to the development of a training program for all new faculty and teaching assistants, the government would be sending a profound signal that the status quo is no longer good enough.

Students would also like to see the government create Ontario teaching chairs, similar to the Ontario research chairs created in 2005. The balance between teaching and research is skewed at too many of our universities. Professors are rewarded primarily for their research accomplishments, while having no incentives to improve in the classroom. By creating teaching chairs, the government would demonstrate that focusing on teaching is a public priority and that our best teachers must be recognized.

Finally, students would like to see a portion of new funding targeted to support services such as mental health services, academic advising, career guidance and special support for students with disabilities. These services are a proven way to raise graduation rates, which saves government resources. Unfortunately, university support services are always the first to be cut when budgets get tight. By directly funding support services, possibly through a program in which institutions must match government funding with their own resources, the government would ensure that these vital services are protected and strengthened.

While the Reaching Higher plan has expired, it is crucial that further steps are taken to improve the accessibility, quality and overall financial health of our institutions. Now is not the time to curb investment in post-secondary education and risk undermining the progress that has been made. New and equally ambitious goals must be set for the next five years for our next generational cohort.

As was recognized in 2005 in the government's initial announcement of Reaching Higher, "an investment in postsecondary education today is an investment in jobs tomorrow. But education is more than an economic imperative. It is the measure of our commitment to opportunity—it's the foundation of an engaged citizenry and a strong democracy." And students couldn't agree more.

I'd like to thank the committee again for their time and we welcome your questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Ms. Witmer.

Mrs. Elizabeth Witmer: Thank you very much for your presentation. As a proud graduate of the University of Western Ontario, you've certainly done that institution proud.

I'd like to, first of all, agree with you that I think it is extremely important that we do see a new five-year plan. I think at this point, when we've gone through certainly a lot of global upheaval and we all recognize that we have to make sure that more and more of our population receives post-secondary education, it figures very large in whatever happens, so I would certainly support you there. I certainly agree with many of the suggestions that you've made regarding access to higher education.

Basically, I've been meeting with students; I have Waterloo and Laurier in my backyard, so I do know that they have proposals as well, but you really would like to see the money going to the students at the start of the term, as opposed to the end of the term. What kind of hardships are created with the system today that you see?

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Ms. Meaghan Coker: Currently the education tax credit system is benefiting students at the end of the year and not at the beginning of the year when we have our tuition and our books costs. There are also further complications because some of these tuition and education tax credits are not going to be available until they've built up enough, until after they've graduated, so it's not even benefiting students sometimes during their educational term.

What we have recognized is that since this is the single greatest investment that the government is making in student financial assistance, this \$330 million could be spent much better. Currently, it's a regressive program because it's benefiting those who don't need it. Those with higher incomes are able to get much more. They're able to have a deduction of \$2,000, where low-income families get \$520. To be able to turn that into something that's much more progressive, to be able to assist those, we think that bringing this into an up-front grant system is one option. However, being able to transfer some of that money through a period of time, you would be able to institute a tuition freeze and also to lower the cap on the Ontario student opportunity grant, capping tuition, or being able to lower the parental contribution levels. We should really assist middle-income and low-income families.

Mrs. Elizabeth Witmer: Really, that's where our focus needs to be: on the low-income families and students in order that they can participate fully and not have that stress hanging over their heads. So we need to review the funding and make sure that we can provide the access to students.

The one point you talked about is an issue that we've been talking about, and that is the need to make sure that those who are teaching are better equipped to teach. My colleague sitting beside me, Mr. Toby Barrett, heard you last year, and he did introduce, as one of the motions last year, that we would take some steps that would increase the quality of the teaching and fund some pilot projects in order to make sure that that could happen. So we certainly strongly support you that there is a need to take some action. In fact, when I've talked to professors, they've agreed that this is probably something that needs

to happen today because it is having an impact on student outcomes and student achievement. How would you see that happening? How much instruction do you think teachers need?

Ms. Meaghan Coker: I think that's a really interesting point. We certainly appreciate the support that we received last year on this initiative.

What we realize is that the teachers are in control in the classroom and they dramatically affect the learning environment for the students. Being able to better equip our professors and our instructors with the skills and tools to be able to move our classrooms from this passive learning style to something that is a more active learning style, which research shows is much more beneficial for everyone in the classroom, is something that needs work. Our teachers need to be taught how to develop their skills. Being able to direct some of the money that's already currently being invested into our universities is what we're asking. These are priorities that we want the government to be able to take on and to fulfill. It would be directly funding this and targeting it, and that's how we think it would be most effective.

Students fully support any changes to improve the quality within their classrooms.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CANADIAN DEAFBLIND ASSOCIATION

The Chair (Mr. Pat Hoy): Now I call on the Canadian Deafblind Association to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning coming from Mr. Tabuns of the NDP in this round. Please state your names before you begin.

Ms. Cathy Proll: Good afternoon. My name is Cathy Proll. I'm the executive director of the Canadian Deafblind Association Ontario chapter. Sitting to my right is Heather Cooke, who will be providing intervenor services to Julia Seed, who will be part of the presentation this morning, and to her right is her mother, Linda Hase.

Ms. Julia Seed: Good afternoon. My name is Julia Seed. I am 29 years old and have been deaf-blind since I was eight years old.

Deaf-blindness can best be described as a combined loss of both vision and hearing. This means that my vision and hearing are so limited that I cannot use either sense to gain information and to communicate with the people around me. I rely on an intervenor to provide me with information that I cannot get on my own.

The intervenors I use have specialized training to communicate with me using a tactile method. Throughout Cathy's presentation the intervenor is communicating to me everything that is being said and telling me everything that is happening in the room.

With the services of an intervenor, I am able to live a life just like you. While growing up I was provided with

an intervenor in my school setting. That allowed me to successfully complete my education.

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Currently my work is of a volunteer nature. With the services of an intervenor, I have been able to support the Canadian Council of the Blind and am presently supporting the Canadian Cancer Society.

Thanks to intervenor services, I am able to live a life of meaning. I have friends, I have dreams, and I have goals.

Ms. Cathy Proll: In a demographic study conducted in 2004 to determine the number of Canadians who are deaf-blind, it was estimated that in Ontario alone there were approximately 1,500 people. Due to the isolation of people who are deaf-blind and the significant communication challenges, it was concluded that this number is likely an underestimate, and the number of people who are deaf-blind can more accurately be determined to be closer to 2,800 people.

Intervenor services are a vital service to people who are deaf-blind. The Ministry of Community and Social Services is the ministry responsible for providing funding to transfer payment agencies to deliver this service. Operating under the principles of equitable access to services, assessed need, and within available resources, MCSS has been working with stakeholders to transform intervenor services.

The results of the transformation activities have been shared with the sector in terms of a new funding model. While the new funding formula does address equity and assessed need, it is clear that more funding is required to support this very vulnerable population. While there may be opportunities for efficiencies within the sector, this will not address the real problem. There is not enough funding in intervenor services to maintain service levels or address the demands of new people entering the system. The real problem can only be addressed by additional dollars.

Without additional funding, there will be significant reduction in services, and wait-lists will be inevitable. For people who are deaf-blind, there will be a devastating decrease in their quality of life. There will be an increase in mental health issues. Isolation will be a significant factor, as many people will be limited to their homes and they will not be able to keep their jobs or continue their education. Opportunities to socialize or participate in recreation will not exist. The ability to access information will be compromised. This will result in an inability to give informed consent or make informed decisions. They will also experience a loss of control over their lives. Their choices will be restricted or limited. Families will suffer increased pressures. This will result in a breakdown of marriages and parent-child relationships.

For those Ontarians who are deaf-blind and living in residential supports, it is likely that they may be required to leave their homes and be forced to live with others whom they may or may not wish to. Their homes will become institutions. Without adequate intervenor services, communication issues will escalate and, in some

situations, lead to aggressive and challenging behaviours. This will lead to safety issues not only for the individual who is deaf-blind but for the limited staff trying to provide these services.

The reality of the new funding model remains that Ontarians who are deaf-blind will not experience a quality of life like you or I, nor will they live lives of meaning.

It is the sincere hope of this sector that the Ministry of Finance and the Ministry of Community and Social Services will engage in a discussion that will lead to additional funds being allocated to this very vital service. Thank you.

The Chair (Mr. Pat Hoy): Thank you, and we'll now go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: I'd like to thank all of you for coming in this morning. If the intervenor could say directly to Julia from me, I really appreciated her making the presentation that she made.

Ms. Julia Seed: No problem.

Mr. Peter Tabuns: The case you make is a very strong case. I have some questions. What sort of funds are we talking about to actually ensure that the intervenor services are there that would deal with the problem so that people who needed the services received the services?

Ms. Cathy Proll: It is my understanding that approximately 10 million new dollars needs to be allocated to this sector, and that is to not only sustain the current services but also to assist new people who will be entering the sector.

Mr. Peter Tabuns: And what's the total expenditure in Ontario today?

Ms. Cathy Proll: I believe the total expenditure today is between \$18 million and \$25 million. I'm not sure exactly.

Mr. Peter Tabuns: Okay. I note in here, and I've heard reference to this before, that there's a new funding model that's being brought forward. My assumption is that models were being brought forward because there were problems identified before and there was an attempt to address them. But from what you're saying, it doesn't matter how the model is shaped; if there aren't enough dollars, then it won't fly.

Ms. Cathy Proll: It would be very difficult to half serve a population because it's all about access to information and communication. So if I could speak to the Canadian Deafblind Association, our Ontario chapter, the funding models are such that we would be looking at between a 40% to 60% reduction in services.

Mr. Peter Tabuns: Sorry; for some reason I don't understand that. The total amount of money that's being allocated is staying the same?

Ms. Cathy Proll: The total money is currently staying the same. My understanding is that no funding is being removed from the sector, but it's being reallocated within MCSS, within the intervenor services sector. What we're suggesting is that we need new funding to come into the sector. As I mentioned, it's estimated that there are 2,800

Ontarians who are deaf-blind in this province. Currently, MCSS provides services to approximately 310 people.

Mr. Peter Tabuns: My. When you presented this to MCSS, what has been their response?

Ms. Cathy Proll: I think while they've tried very hard to certainly understand the issues of the sector and understand the disability of deaf-blindness and also the role of the intervenor, the bottom line is "within available resources," and this problem cannot be fixed without additional funding.

Mr. Peter Tabuns: From what you've said, there are many, many people who are not now getting any service.

Ms. Cathy Proll: Correct.

Mr. Peter Tabuns: What happens to them now? What kind of lives do they lead and in what circumstances?

Ms. Cathy Proll: They would be incredibly isolated. Most of them probably don't leave their homes. Some of them may rely on family to provide them with some limited supports. Certainly there are mental health issues, which in itself is a challenge because our mental health system is not set up to support people who have severe communication challenges.

Mr. Peter Tabuns: I don't think I have other questions, but do you have anything else you want to say to us before you wrap up?

Ms. Cathy Proll: I really believe that this is one of the most incredibly vulnerable populations that we support. Not only can they not see and they can't hear, but safety remains an issue for this population. So it is our sincere hope that the Ministry of Finance and the Ministry of Community and Social Services can work together to help with this problem.

Mr. Peter Tabuns: Thank you. I really appreciate you coming in today and presenting so well.

Ms. Cathy Proll: Thank you very much for the opportunity to present.

ONTARIO SECONDARY SCHOOL TEACHERS' FEDERATION, THAMES VALLEY

The Chair (Mr. Pat Hoy): Now I call on the Ontario Secondary School Teachers' Federation, Thames Valley, to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be five minutes of questioning; in this round, it will come from the government side. I'd just ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Colleen Canon: Good afternoon. My name is Colleen Canon. I'm president of District 11, OSSTF. I'm also a 25-year classroom teacher.

Mr. Blair Middleton: Good afternoon. I'm Blair Middleton. I'm district VP, OSSTF/FEESO, and currently I'm the science department chair and classroom teacher for Lord Dorchester Secondary School here in Thames Valley.

Ms. Evelyn Daley: My name is Evelyn Daley. I'm a federation services officer with District 11, OSSTF, and I

just recently started that job in September. I've been in the classroom for 23 years.

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Ms. Colleen Canon: We appreciate this opportunity to express our views and make some specific suggestions as the government charts its course of action for the upcoming fiscal year.

Our intent in making this presentation today is to provide a Thames Valley submission using local examples. Our provincial OSSTF organization is providing a written submission to this committee that will be a compilation of concerns expressed by our some 60,000 members across this province.

First, I'll tell you who we are. We represent 2,300 OSSTF members locally in four bargaining units: 1,800 of our members are secondary teachers; approximately 300 of them are occasional teachers; another 100 are adult ed. instructors who deliver ESL and adult literacy; and 100 are professional student services personnel, who are social workers, attendance counsellors, psychologists and speech pathologists. We represent a broad geographical area spanning four counties, including Woodstock and Ingersoll to the east, St. Thomas to the south, Strathroy and West Lorne to the west, and Parkhill and Arva to the north. Half of our 28 high schools are within the city of London and we are a mix of urban and rural schools.

Locally, we have been involved in an ongoing dialogue with our area MPPs on publicly funded education, which has been a priority of this government. It is clear to us that finances will be limited in the future as Ontario recovers from a significant economic downturn. Nevertheless, we maintain that funding applied to education should be considered an investment in Ontario's future, with huge returns in the years ahead.

Education, as we all know, is the cornerstone of our society. Funding for public education needs to be a provincial priority to create a strong and competitive workforce for Ontario's future.

Ms. Evelyn Daley: OSSTF believes that the funding formula which generates school board funding must be reviewed, as was promised in 2007. Locally, the funding formula simply does not work for us as we are a mix of rural and urban schools. We have just lived through one school closure in Norwich, and area accommodation reviews are ongoing.

As is the case elsewhere in Ontario, here in Thames Valley we are living through an era of declining enrolment. We would urge you to avoid the obvious answer to declining enrolment by limiting revenue on a per student basis. We advocate flexibility in funding to provide a sound education for all of our students. Student distribution and school configuration in our very large geographical area demand funding flexibility.

Here in Thames Valley, schools are the hub of the community. In a small community such as Glencoe they are the centre of community life. Often, the economic viability of the area is directly reliant on the existence of the school. We would advocate for the broader use of

school facilities in the form of partnerships with municipalities for meeting rooms, sports facilities, fields etc. This would mean less duplication and maximum utilization of existing assets.

One local example is Lorne Avenue Public School in London, which is located in a needy area of the city. As well as serving as an elementary school, it houses adult ESL classes in the evening and summer school, and it is a true community hub as it serves its community in a broader way. It is a convenient service delivery point for school-aged children and their families.

Current funding for adult education is a fraction of what is provided for students under 21. Locally, we have seen huge job losses in the St. Thomas area due to the loss of manufacturing jobs. Adult enrolment for education has spiked, but the lack of facilities has made it impossible to serve their needs adequately. We believe in creative solutions such as mixed-model programs that would pair adult learners with at-risk students under 21 in job-focused, skill-focused programs such as our new high-skill majors programs. Strong adult ed. programs would help return unemployed adults to the workplace faster.

The London area also has a vast population of newcomers to Canada in need of English-as-a-second-language classes. We lack the facilities to meet their needs. Adequate funding levels would help to get new Canadians into the workforce sooner.

Mr. Blair Middleton: The student success agenda has created an abundance of government initiatives and pilot projects. Sometimes, funding is a one-time “money bomb” which may provide additional teachers for a limited time. We would like to see a more timely analysis of funding for government initiatives, and a review before further implementation of costly new initiatives is undertaken. Some of these initiatives include school improvement plans, growing success, school effectiveness frameworks, differentiated instruction, and credit recovery, to name a few.

Student success initiatives locally have meant underfunding for the classroom, where we need the funding the most. Student achievement is measured by credit accumulation and current funding is capped at 7.5 credits per student. With many new credit recovery programs, dual credit classes and co-operative education classes, students are now able to achieve more credits within a school day than ever before. The real cost of all these extra credits is teacher cost in terms of staffing. The lack of funding impacts class size.

Funding for special education programs is critical to integrate and support high-needs students in schools and also provide specialized classrooms for these students. A base level of funding must be provided that is protected from the impact of declining enrolment. High-needs students require services individualized to them. Our support services, such as social workers and psychologists, must be funded based on the actual cost of their salaries. Funding from other government agencies and

ministries to support these programs must be routed through our school boards.

Our neediest students need resources and staff, such as social workers and psychologists, working with them. We need more support staff and professional student services personnel to help our students suffering from mental health concerns. These students are not just in special education, but many are integrated into regular classrooms. We have many students who have mental health needs that are not being met. Access to school board professionals specialized in these areas is essential if they are to achieve their full potential.

Finally, we see class size for students at risk as a priority. There must be allowances for smaller classes to help these students to succeed. Also, co-op and technical education programs and facilities must be expanded for all students to be successful.

Thank you for this opportunity today and we are happy to take your questions.

The Chair (Mr. Pat Hoy): Thank you very much for the presentation. The questioning goes to the government side. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Blair, Colleen and Evelyn, for being here. We appreciate your presentation and the time that you took today. It's an ongoing struggle we have. I was a secondary school teacher for 22 years and a high school vice-principal as well, so I certainly understand what you're saying and the daily struggles. I thank you for what you do in the classroom and in Thames Valley.

I was a member of OSSTF, District 24, for a long, long time before recently being elected. I hear everything you're saying and I share your concerns, absolutely. I want to assure you, first and foremost, that education is a priority of this government. I have three sons—and I'll make this story short—but the reason I decided to run for election three years ago was because I didn't want to live through a time again where we had labour unrest and students were out of school and we had cuts to essential services and education and health care in this province.

The first question I'm going to put out there—because I really need an answer—is how do we avoid going back? How do we ensure that that never happens to our students in the province of Ontario again?

Ms. Colleen Canon: By maintaining the kind of healthy and open dialogue that we've had. We had provincial discussion tables in the last round of bargaining. We have one more year left in our collective agreement. I think that smarter folk than me will be sitting at those tables, and we just hope that that kind of healthy respect and dialogue continues.

Ms. Leeanna Pendergast: When you talk about community use of schools—we now have a community use of schools program at no charge, opening schools to the community—that's also been a large struggle and I commend Thames Valley. I worked with Thames Valley in a community partnership initiative, where we went to the schools. To open the doors, as you know, in schools has been a silo. I was formerly the PA to education and

my colleague here, Kevin Flynn, is currently the PA to education, so we understand the importance of partnerships.

I wanted to jump to what you were saying at the end, Blair, about the idea of social workers, psychologists and that whole support system. What is a local example? Do you have any local examples in the Thames Valley of what you're doing to partner with agencies, groups and community partnerships to engage with social workers and psychologists? I know that it is a struggle.

Mr. Blair Middleton: I'll let Colleen answer just because—

Ms. Leeanna Pendergast: Sure.

Ms. Colleen Canon: Gosh, I would say that we prefer—because we're OSSTF and we represent those folks—that social workers and psychologists and all those folks in the school be our members. So in general, to be perfectly honest, we're not in favour of partnerships so much as we are the educational team.

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In some areas of the province, OSSTF is also your EAs, your office clerical, your custodians. We believe that we provide those, and we would like to see funding for more of those fantastic folks.

The three of us are classroom teachers, but I'm telling you that having those social workers, psychologists and attendance counsellors and all those folks with us in partnership makes a tremendous difference. I don't think that we are equipped, often, to meet the needs of those students in our classes. As Blair said, they're all integrated now. The classroom has changed dramatically—Blair could speak to that better than I can, I think—and quite often, students come with EAs and have very high needs.

Ms. Leeanna Pendergast: So you're saying that they're not currently in District 11?

Ms. Colleen Canon: Oh, they are. But when you said "partnerships," we wish that there were more of them that were our members. We'd like to see more social workers, more psychologists, more attendance counsellors. We would like the funding to be there for them. We understand the money might not flow through the Ministry of Education. If the money flows through other agencies or ministries, we'd still like it to come to our board to be able to hire those folks so they're board employees.

Ms. Leeanna Pendergast: That partnership may get another level—at a ministerial level, as well as a local level—so we'll be able to provide the services in times of global fiscal restraint and not go back to times when we walked the picket line.

Ms. Colleen Canon: Yes.

Ms. Leeanna Pendergast: That's a tough challenge. Thank you for representing that and being here today.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

UNIVERSITY OF WESTERN ONTARIO

The Chair (Mr. Pat Hoy): Would the University of Western Ontario come forward, please? Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning coming from the official opposition. I'd ask you to state your name before you begin.

Dr. Amit Chakma: Good afternoon. My name is Amit Chakma. I'm the president and vice-chancellor of the University of Western Ontario.

I'd like to touch on three areas during our presentation to this committee today. The first topic I would like to discuss is how Ontario, more than any other jurisdiction, has done a remarkable job of creating an accessible and affordable post-secondary education system.

We all know that the system at both universities and colleges has continued to grow by record numbers over the past decade. A post-secondary education is an invaluable tool for Ontarians, and Western's primary business is in training and preparing the next generation of global leaders, entrepreneurs, highly skilled scientists and engineers and other professionals, health care practitioners and providers, and the creative minds needed for the economy to prosper.

Government, individual student and family investments in attaining a post-secondary education result in one of the highest rates of return of any investment they can make.

Let me clearly state here that the combination of the Ontario student assistance program, scholarships and bursaries, and institutional financial aid—that is, aid provided by institutions such as Western—has allowed an Ontario post-secondary education to continue to be affordable.

Ontario already boasts the highest level of post-secondary attainment in the OECD. As the system continues to grow and Ontario moves toward its goal of having 70% of the population attain a post-secondary credential, resources must be made available to ensure that the quality of our programs does not diminish.

We have made great progress in the last decade in the quality of the education Ontario students now receive in our universities. In the package we have circulated, just a few of the improvements at Western are highlighted. I urge you to consider what additional resources are necessary to allow us to continue these improvements to accelerate Ontario's system's standing as a global leader.

In order to continue providing a quality education to Ontario's knowledge workforce, we must, at a minimum, ensure that every new qualified student admitted to the system is fully funded. My recommendation to this committee is to urge the government to continue to make investments into student aid as a whole and to continue promoting a student access guarantee so that no qualified student is left behind.

As you can see in the package, at Western we are proud of the fact that we now have more than 40% of our students graduating debt-free from our undergraduate

programs. As I have already stated, we must continue to ensure that adequate financial aid resources continue to be available to those students who require them.

Let me now move to the second area I'd like to address, and that is the economic impact of universities in the local, regional and provincial economy. As I have already mentioned, our primary business is educating and training a knowledge workforce. However, we also are in the business of knowledge creation through the work of our faculty, researchers, graduate students and, increasingly, undergraduate students. Universities are working hard to ensure that we are able to transfer this knowledge. Whether it is a scientific discovery, a technological innovation, best practices or better public policy, we are continuing to try to move this information out to the broader community, industry and government partners. In London, we have been successful in bringing together collaborations with these partners which will help attract investment and create jobs.

One example is the new Advanced Manufacturing Park, a partnership between Western, Fanshawe College, the city of London and industry. This new park is located near the 401 and the London International Airport. It will soon be home to the world's leading wind engineering and composite research facilities. In collaboration with Western researchers, this initiative will act as a magnet for industrial investment in areas such as automotive and aerospace manufacturing and green technology development and manufacturing. Already, we have been able to form a partnership with Germany's Fraunhofer society to bring their experience and industrial collaborations to these new London ventures.

Western is also moving forward with a regional partnership around the development of new water technologies. This partnership includes local municipalities, universities and industrial partners, who are competing in the growing global market of water systems and technology.

I would urge this committee to recommend to the government of Ontario to find a way to invest in these types of collaborations going forward, in order to leverage the potential of our provincial expertise into global leadership in these emerging markets.

Finally, Mr. Chair, the third area I'd like to highlight, which I speak to from both personal experience and Western's aspirations to be globally recognized as a leading university, is the need for Ontario to continue to develop and embrace internationalization as an important cultural and economic tool in our efforts to put our province at the forefront of the global economy. Western strongly supports programs which support our efforts to attract international faculty and students at both the undergraduate and graduate levels. We have already seen the recent success of the federal CERC program, which allowed Western to attract a global leader in neuroscience research from the University of Cambridge in the United Kingdom. This made headlines in Canada and the UK. This was made possible not only by the federal research program, but also through the investment of the

Ontario government into Western's educational and research infrastructure programs, in this case our Robarts Research Institute's medical research magnets.

Through these investments in education and in research infrastructure, we are able to attract the best and brightest to Ontario to work with our own home-grown talent, and I have no doubt that they will make impacts which will be felt around the world.

I must compliment the investment the government made into the 1,000 new scholarships through the Ontario graduate scholarship program. This is helping domestic students achieve their potential in the 14,000 new graduate positions funded through the Reaching Higher plan. But we must also be an open province, and I encourage this committee to recommend further investment into programs which make it easier for students to come to Canada and to Ontario to study.

I would again like to compliment the federal government for its investment in the Vanier scholarships and the Ontario government for the creation of the Trillium scholarships for international graduate students. These globally recognized scholarships will help us attract the best and the brightest to work with Ontario's best and brightest students.

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Another example of an investment I would encourage this committee to consider, which has been put forward by the Ontario Undergraduate Student Alliance, would be to allow undergraduate students access to our OHIP system while they are studying in our institutions. This would eliminate one of the financial barriers to attending institutions of higher learning in Ontario.

The quality of Ontario students' experience at university will be enhanced by exposure to and interaction with citizens of the world. This will, in fact, allow all students to be more prepared for the global leadership positions we need them to achieve, regardless of their fields of study.

Thank you for the opportunity to speak with you today. I'll be happy to answer any questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning: Mr. Miller.

Mr. Norm Miller: Thank you for coming in and making a presentation today. An earlier group that was here this afternoon was the Ontario Undergraduate Student Alliance. One of their recommendations specifically was to target a portion of future increases in university operating funding to the development of a training program at each university that would give instruction in pedagogical methods and practices to all new faculty and teaching assistants, I think the idea being to improve the quality of in-classroom teaching. Is that something that you support or agree with?

Dr. Amit Chakma: In spirit, I support the notion. However, in terms of specific allocation of resources, I believe that any time we create too many pots, we create inefficiency. So I would support it in terms of encouragement, in terms of policy objectives that government may

outline—that teaching is important—and leave it to the institutions to decide how that can be achieved.

Mr. Norm Miller: So when the money flows into too many individual pots with too many restrictions, it's inefficient?

Dr. Amit Chakma: When we have limited resources, as we do now, the moment we create too many pots, then we get into division: Who gets what? By the time that small pot is allocated, effectively, it loses its effectiveness because we have reduced it to such a level that not many meaningful objectives can be achieved.

Mr. Norm Miller: You talked a bit about student debt. I believe you said that more students are graduating with less debt. Why do you think that's the situation? Having said that, I have four kids that all went to university and all graduated with no debt, so they're in that part of the equation. Are more students accessing OSAP or student aid?

Dr. Amit Chakma: Two major developments are taking place over the last two decades—if not two decades, over 15 years. Number one is that we provide more funding through OSAP. Some of the recent changes we have made to OSAP are welcome, and they certainly help. The second one is that we are now setting aside a portion of our tuition fee revenue to support needy students. That pot has grown into a significant chunk. In our case, this is probably north of \$12 million. A third element is that many of us have been successful in creating scholarships from fundraising. It's a combination of those plus summer programs. In the case of some institutions, internship and co-op programs have certainly helped.

Mr. Norm Miller: I have more questions, but I think Toby wants to ask some questions, so I'll pass it on to him.

Mr. Toby Barrett: Thank you for presenting. Good to see Rob Esselment here as well. He keeps several of us informed of what's going on at Western.

One chart on retention rates shows that 91% of first-year students continue to their second year. How difficult is it for first-year students at Western to transfer to another university? Do they lose their credits? By the same token, how many students would you attract into your second year because they want to get a program at Western they can't get at their home university or maybe they've had to move or something?

Dr. Amit Chakma: We have successes in certain areas. When you are thinking of transfer, there are two aspects. If it is just a credit transfer, that's easy, relatively speaking. We do recognize each other's credits. There's no issue with that. Where the problem arises is the prerequisites. If you take a BA program at Western and you're trying to transfer into a bachelor of science program, not all courses will match up. That will be true from institution to institution. So in terms of general credit transfer, it's not a big issue. In terms of specific program requirements, potentially, there is a gap.

How many students do we take? I don't have a global number for Western, but I do know that we have

designed one program, which is one of our signature programs. It is the so-called HBA program, honours business administration program. There, about 15% to 17% of our students come from other universities, but this is one of the signature programs that is highly competitive. Nevertheless, we take 15% to 17% from other institutions.

Mr. Toby Barrett: As far as the teaching ability of professors, when you're hiring new professors or associates, is there any requirement that they have any experience in teaching or any requirement that they have any training in teaching?

Dr. Amit Chakma: They normally do not have formal training. Universities are introducing some of those teaching options now, but what we do is subject them to either giving a seminar or teaching a course. So we do test their capacity to teach in the classroom. Then, once they come here—this would be true with many institutions; it's certainly true for Western—we have a teaching centre that provides them with that help. And at the end of the day, we provide one-to-one mentorship with senior faculty.

Mr. Toby Barrett: Okay. Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

DIETITIANS OF CANADA

The Chair (Mr. Pat Hoy): Now I call on Dietitians of Canada to come forward. Good afternoon. I note that you've been sitting there, but I feel compelled to tell you that you have 10 minutes, and five minutes of questioning will come from the NDP, if they choose to use that much time. Just introduce yourself, and you can start.

Ms. Leslie Whittington-Carter: Great. Thank you very much. My name is Leslie Whittington-Carter and I'm the Ontario government relations coordinator for Dietitians of Canada. We are the professional association that represents registered dietitians across Canada. We have about 3,000 members here in Ontario and around 6,000 across the country. Our vision is advancing health through food and nutrition and we accomplish this by providing nutrition information to Canadians, advising governments at all levels on best practices in nutrition, and providing our input into government policies at all levels. I appreciate the opportunity to present our recommendations to you today.

It's our goal to improve the health of Ontarians through cost-effective health promotion and health care service delivery. In the package you've been given, you'll see that we've made a number of recommendations. We think that these will address the health issues prominent in our population, such as diabetes, obesity and other chronic conditions. The underlying theme of all of these recommendations is access—access to professional nutrition advice, access to registered dietitians and access to healthy food for all Ontarians.

First of all, to let you know, dietitians are the most trusted source of nutrition information, according to an Ipsos Reid consumer survey: Over 93% of consumers believe that nutrition information coming from dietitians is the most reliable and credible. That's with good reason, because dietitians have to complete a rigorous education and practical training and maintain requirements of the College of Dietitians of Ontario. Our recommendations are aligned with DC's commitment to ethical and evidence-based practice.

First of all, in order to increase access or support access to registered dietitians, we need to correct the current shortage. Over the past few years, I've made this same recommendation to this committee, and I want to tell you how much I appreciate the fact that a couple of years ago, in the report, that recommendation did make one of the final recommendations. Currently, there is a multi-stakeholder committee working on looking at different ways of dietetic education and practical training. We expect that that committee will be having their report of recommendations to the government within the year, and we would urge the government to act on those recommendations. I don't know what those will be specifically yet, but the committee is composed of education stakeholders and the profession as well as various government ministries, so I expect that they're looking very closely at different models of education and training.

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The second recommendation around access is to continue funding for the operation and promotion of the EatRight Ontario dietitian advisory service. I hope you're all familiar with EatRight Ontario. It's run by Dietitians of Canada, operated by us and funded through the Ministry of Health Promotion and Sport, and it provides free access directly to dietitians for all Ontarians. They can call a toll-free number, they can email a dietitian or they can access the resources on the website.

The evaluation of the service shows that consumer satisfaction with the service is very high and that, overwhelmingly, people act on the advice that they're given. People call with questions such as infant feeding, how to deal with diabetes and a number of other issues, and we're finding that it has been very successful.

EatRight Ontario is also supporting the diabetes strategy and working with schools to help implement the healthy school food and beverage policy brought forward by the Ministry of Education.

We really believe that this service is especially important to provide nutrition information to consumers who are unable to access a dietitian in person, either through geographic or perhaps financial barriers.

The other aspect of the service is that it provides support to health professionals, and physicians are among the most important referral services that we have for EatRight Ontario.

Our third recommendation is to improve access to dietitian services in home care. The commitment to aging at home has led to targeted funding for some services for

home care. However, what we have found is that therapy services, including dietetic services, have not had funding increases. In fact, there have been very significant decreases in the number of referrals for therapy services, including dietitians, in home care across the CCACs. That leads to individuals not receiving the care they need, and it's really counterintuitive to the aging at home strategy, which hopes to help avoid emergency room visits and help people to maintain their independence and stay at home.

In addition to that, service provider agencies that employ these therapists have difficulty maintaining their qualified professional staff due to the inconsistency in referral rates, and therefore people leave for greener pastures, as it were, in order to find more consistent employment opportunities.

We feel that nutrition services delivered through the home care system really support those health care system objectives, and we ask for targeted funding to enhance therapy service delivery in home care.

Another recommendation around access to dietitian services contains primary health care services in the family health teams and community health centres. Most of these agencies do employ dietitians who provide nutrition therapy and health promotion services to individuals and groups, and they also act as a resource to the other health professionals who are providing services within those interprofessional teams.

However, many of these positions are part-time, and the current salary guidelines are not equitable with either dietitian salaries in other settings or with other health professionals with similar levels of education and training. We really feel that these salary guidelines need to be updated to reflect appropriate compensation levels, and that will assist with reducing barriers to recruiting and retaining dietitians in these settings.

Those are the recommendations around access to dietitians. When you improve access to dietitians, it will enable individuals and families to improve their health, but it's also important that all Ontarians have access to healthy food so that they can then put into effect those recommendations that the dietitian gives them. One of the ways that we think this can be accomplished is by ensuring that the current social assistance review considers the actual cost of purchasing a healthy diet. There is a great deal of data already available in order to inform those decisions, and that's through the use of the public health unit's nutritious food basket data. Those are compiled on an annual basis by the health units across the province, and we recommend that these reports be used in setting social assistance policy.

My final recommendation is for a bit of a larger, overarching policy for the development of a comprehensive and coordinated food and nutrition strategy for Ontario. There are all sorts of really worthwhile initiatives underway across the province that are doing really great work in their own targeted area, but what we're really lacking is a coordinated and comprehensive overall strategy with really defined goals and objectives. There is another

group, of which Dietitians of Canada is a member, and that's the Ontario Collaborative Group on Healthy Eating and Physical Activity. They've done a great deal of work on developing a background paper and priority recommendations for the development of an Ontario food and nutrition strategy, and we are supportive of those priority recommendations. Two of them are that they have a high-level ministers' committee specifically to look at all policy options and their impact on health and nutrition; this would be a healthy living committee such as we have had in the past. Given the importance of nutrition in relation to many of the challenges that are facing the Ontario economy and the Ontario health care system, we feel it's important that nutrition be given appropriate emphasis and that there be a ministers'-level committee that looks at the impact of various policies on access to food and access to nutrition advice.

Thank you for your attention to my presentation, and I'd be very happy to answer any questions that you may have.

The Chair (Mr. Pat Hoy): Very good. We'll go to Mr. Tabuns.

Mr. Peter Tabuns: Thank you very much for coming this afternoon. I appreciate the presentation. What you have to say makes a lot of sense. Do you have studies that you could provide us with that show the impact of dietitians on diabetes in the population? If I understood you correctly, we're underserved by dietitians in Ontario; other jurisdictions put more money into it. Do they show a difference in morbidity and mortality rates?

Ms. Leslie Whittington-Carter: I'm not sure that we have the comparative intervention studies that way. What we do have is a very strong evidence base showing the cost effectiveness of dietitian services in general. I'm not sure it's specifically the type that you're talking about, but we definitely have a very strong evidence base showing the payback, if you will, of having nutrition therapy for people suffering from diabetes and other chronic conditions.

Mr. Peter Tabuns: Well, the other information would be very handy, but that sounds like a very useful document. Could you provide it to this committee so that we can have it in our deliberations?

Ms. Leslie Whittington-Carter: Yes, I certainly will do that. I assume the best way to do that would be by email to the committee clerk?

Mr. Peter Tabuns: Yes, and she very efficiently will get it to all of us.

The Chair (Mr. Pat Hoy): Yes, if you would, and then everyone on the committee will get it.

Mr. Peter Tabuns: She's very efficient that way. Perhaps before we actually see that report, could you talk to us a bit about that cost effectiveness? Obviously, if people manage their diabetes well, there are fewer complications and there are less crises. Can you give us a sense of the amount of savings that are out there through ensuring that people get the correct diet counselling?

Ms. Leslie Whittington-Carter: I don't have a dollar figure on that at the top of my head. However, based on

the studies that we've shown, it's certainly significant, and some of that detailed information is definitely in the report that I will forward.

Mr. Peter Tabuns: Why is it that advice from you—that wasn't the best way to frame the question. Doctors give advice; nurses give advice; you give advice. Why is it that your advice is more effective than that of other health professionals?

Ms. Leslie Whittington-Carter: It's a very fair question, and certainly doctors, nurses and other health professionals have a big role to play in providing nutrition advice as well. What's unique is that dietitians have a targeted four years of university plus a year of practical training specifically on nutrition, whereas in the other professions, nutrition training makes up a very small portion. Certainly, general nutrition advice is very good to come from a number of different health professionals, but when you come to managing complex food and nutrient interactions in a number of co-morbidities—for example, diabetes with cardiovascular disease, renal disease, food allergies—dietitians have a really unique body of knowledge that can integrate all of those factors.

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Mr. Peter Tabuns: Okay. You also mentioned the whole question of the adequacy of the allowance for food in social assistance rates. Has your organization done an analysis of that? Do you have recommendations around what is an adequate allowance for food, and is it anywhere close to what is being given out now?

Ms. Leslie Whittington-Carter: Because the price of food varies a lot by region, it really depends regionally. The price of rent and other things vary as well. What's really great about the nutritious food basket diet is that it is done by public health units, so you can see that in a particular region, this is the shortfall or how close people are coming to being able to purchase healthy food for themselves and their family. There are excellent reports that are compiled by the public health units. I would be happy to forward examples of those as well.

Mr. Peter Tabuns: I would appreciate if you would do that so that we could have that circulated to the committee.

I don't have further questions at this point.

The Chair (Mr. Pat Hoy): Thank you, and if you do provide information, as was stated, the clerk will make sure that every committee member gets a copy.

Ms. Leslie Whittington-Carter: Great. Thank you very much.

ASSOCIATION OF ONTARIO NEUROLOGISTS

The Chair (Mr. Pat Hoy): Now I call on the Association of Ontario Neurologists to come forward, please. Good afternoon. You have 10 minutes for your presentation and there could be up to five minutes of questioning. I'd just ask you to identify yourself for our recording Hansard.

Dr. Ed Klimek: My name is Ed Klimek. I'm a practising neurologist. I came up from St. Catharines today. I'm the president of the Association of Ontario Neurologists. If anybody is going up to get a coffee, I'd really appreciate one on the way back. It's that time of day for me too, I sense.

I'm before this committee on behalf of the Association of Ontario Neurologists in the hopes that I can focus the government's attention on a problem.

I'd like to thank you for this opportunity. I want to first correct a possible misperception that you many have. In page 5 of the submission that I gave to you, there is a problem of a burgeoning aging demographic. You know that statistical graph of the man standing there with the shoulders and the hat, and the higher you go, the older the population is? Well, for me and my colleagues in neurology, I can assure you, that problem is not—yes, sir?

The Chair (Mr. Pat Hoy): I notice that people are looking for your packet. It went out with written submissions and isn't here today. So you'll have to listen to the gentleman closely.

Dr. Ed Klimek: You have my sympathies if you have to listen to me, but that's the graph, that's the statistical image, and that's the misperception. That problem is not impending. For me and my colleagues in neurology, that problem is here, it is now and it just keeps on getting worse from here on. It will spill over and it will not involve just me or this ministry; it will involve all of society.

By way of introduction, I would say that the neurologists of Ontario have always dealt with the illnesses and disorders related to aging. And yes, you're right: There is also something called a pediatric neurologist. Just for your own benefit, let's just test that. If Jack Kennedy is a familiar name to you, you are about the right age to see a neurologist. Just in case, if you've forgotten who Lee Harvey Oswald might be, you may already have seen a neurologist.

I'm not going to read from this submission, for obvious reasons, to this committee, but I'd like to begin by extracting and focusing an example of just one disorder from the myriad of disorders that we deal with on a daily basis. There are, give or take, 181,000 Ontarians with Alzheimer's disease, a brain disease or some related dementia in this province. The Alzheimer Society says that in about 10 years that problem will grow by 40%. That's a fact.

There are about 230 full-time neurologists in this province. That's determined by the economists—that may or may not be a fact, but they are the number of people who are working as adult neurologists. If we assume that they're all clinically active and they all see adults and we ask all of them to attend patients with Alzheimer's disease—this one single disorder—there will be none left over.

It is clear to neurologists struggling with this problem that we are well into a societal change and a health care crisis. Three years ago, we shared these concerns with the

government and within the Ontario Medical Association. We asked for investment, leadership and assistance in dealing with it. Indeed, in previous negotiations, government negotiated fees for neurologic services because they are recognized as being inadequate. The problem is, of course, that support for services was approved but never funded in hospitals and clinics across the province. It is clear that there is a loss of essential technical services and dwindling capacity in this province.

My society has exhausted all existing administrative processes. Our concerns are firmly lodged somewhere in the fog of forgotten processes and committee minutes. Patients are, tragically, much less fortunate. According to recent press articles, they're lost in the snowbanks of Toronto. My heart goes out to that family and that husband.

Respectfully, to the committee, to the Minister of Finance and the Minister of Health—this is not one ministry's problem—the capacity to care for neurologic disorders is our priority for our patients and it must also be for government.

Government must help us to improve care within the existing structure, or the existing structure must change and evolve. Government at the highest levels is clearly aware of this problem and it must assume liability for untoward outcome of diminished capacity to care for these disorders in this province.

This is alarming, and there are some options for government. I'm a simple man. I'm a neurologist. I'm not an economist; I'm not a politician. Government has three broad options to consider.

Government can demonstrate leadership. It can direct; it can inspire. It can also establish targeted programs. Neurologic diseases and disorders must be a government program, not a lost priority.

Secondly, government, as you know, redistributes tax revenues. It can also prioritize and realign services. In the theme of bringing coals to Newcastle, I bring some figures to this committee of finance, as paradoxical as it may seem.

The Minister of Health has a 2010 budget of about \$41.5 billion. As a test, who can remember when Tony Clement was the Minister of Health and the budget was \$22 billion, and that was a big deal?

About 9% of all hospitalizations in Canada are for patients with neurologic disorders, diseases or injuries. The hospital mortality for those diseases is immense, and I have that for you in my handout.

Breaking up just neurologic services, never mind society's shouldering the burden of this aging demographic, physician services alone for 2010 are estimated to be about \$14.8 billion.

I told you that there are about 230 neurologists. In the interest of full and complete disclosure, I'd like to tell you that the entire billing attributed to all neurologists in this whole province is about \$65 million. The incongruity of 1% of all doctors dealing with this problem but receiving 4/100ths of 1% of all OHIP billings is not for me [*inaudible*] lying to you.

I'd like to answer any questions you have. But, respectfully, I think I can go no further with this problem without the assistance of my colleagues and the support of government, and I'd like you to focus the attention of government on this problem, if you would be so kind. Please help us and please help our patients.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government: Mr. Delaney.

Mr. Bob Delaney: A couple of clarification questions. I'm also a very simple guy; I'm originally trained in science. Could you give me, if you know it, the average age of a neurologist, and what is the median—half over, half under?

Dr. Ed Klimek: The median age, you're looking at. By chance, it happens to be me. I'm about 57 years old.

Mr. Bob Delaney: Okay.

Dr. Ed Klimek: What else do you need to know?

Mr. Bob Delaney: I asked about the average.

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Dr. Ed Klimek: Given that none of them seem to be retiring, it's slightly smaller.

Mr. Bob Delaney: In your opinion, what does it take for medical schools to graduate more neurologists? Or let me put it to you another way: What does it take for medical schools to attract some of the best prospective medical minds and have them want to become neurologists?

Dr. Ed Klimek: I think greater minds than I, respectfully, are trying to wrestle with that problem. The simple answer is, you have to want to take care of people, you have to want to take care of older folks and you have to want to take at least 10 years of extra training to do so—and you don't want to go for the easy grab. It's not a high-paying specialty, it's not a procedurally oriented specialty. It spends a lot of time in direct contact with people.

In years gone by, it used to be a diagnose-and-adios specialty with little impact, and that is no longer true. It's changing and evolving.

Mr. Bob Delaney: Using the 80-20 rule, what are 20% of the things that you do from day to day that constitute about 80% of the people you serve?

Dr. Ed Klimek: You're referring to time spent on the 80-20 rule and limiting it only to diagnoses?

Mr. Bob Delaney: Interpret the question as you wish.

Dr. Ed Klimek: I can change the numbers slightly: 90% of my problems come from 10% of the issues before me. Those 10% of the problems are really the ones that are most challenging, difficult and insoluble. They vary between purely administrative, getting tests for people and people who are dying.

Mr. Bob Delaney: I'd just like to thank you very much for a very interesting presentation and for taking the time from your practice to come out and appear with us today.

Dr. Ed Klimek: Thank you.

The Chair (Mr. Pat Hoy): And thank you.

LONDON AND ST. THOMAS ASSOCIATION OF REALTORS

The Chair (Mr. Pat Hoy): Now I would call on the London and St. Thomas real estate board to come forward, please. Good afternoon. You have 10 minutes for your presentation. The questioning will come from the official opposition. It could be up to five minutes, if they choose to do that. Just simply state your names before you begin for our recording Hansard.

Mr. Jack Lane: All right, thank you. My name is Jack Lane, president of London and St. Thomas Association of Realtors. With me today is our executive vice-president, Betty Doré. I'd like to thank you all for the opportunity to participate in this committee's consultation around the 2011 budget.

By way of background, the London and St. Thomas Association of Realtors is one of the region's largest trade associations, with over 1,500 members. It was founded 75 years ago this year to organize real estate activities and to develop common goals in Elgin and Middlesex county, and these goals include promoting higher industry standards and striving to improve the quality of life for the various communities we serve.

Before I discuss our recommendations, I wanted to provide a very quick housing snapshot: 2010 was a very solid year for the Ontario residential real estate industry. Although a significant portion of the demand was brought forward in the beginning of the year by the harmonized sales tax and stricter mortgage regulations, the Multiple Listing Service recorded over 195,000 residential unit sales in 2010. This was down just 0.1% from 2009. The average 2010 residential unit price on MLS was over \$342,000. That was up 7.5% from 2009.

Locally, real estate sales were up from 2009 by a modest 0.7%. The average price for a home in the association's jurisdiction in 2010 rose 6.3% for detached homes, standing at \$240,147, and it was up 7.9% for condos to stand at \$171,098.

While 2010 marks the second year in a row that the average residential price has gone up more than 5%, affordability in Ontario remains stable and actually improved in the third quarter of 2010, thanks to lower mortgage rates and stabilized property values. Looking forward, both the Canadian Real Estate Association and Canada Mortgage and Housing predict 2011 to be pretty much the same as 2010: solid and steady.

Despite moderation, the Ontario resale housing market will continue to create jobs and generate consumer spending in 2011. Independent research confirms that each real estate transaction in our province generates over \$47,000 in ancillary economic benefits to the Ontario economy. In fact, Ontario's resale housing market created over 80,000 direct and indirect jobs in 2010, while generating \$2.1 billion in consumer spending on everything from home renovations to new furniture and appliances.

With this in mind, I'd like to turn our discussion to LSTAR's recommendations for the 2011 budget. Our

recommendations focus on two areas: personal real estate corporations and brownfield remediation. Both are important to our industry and to the real estate sector in Ontario. Also, each recommendation is fiscally prudent and has a great deal of support from a variety of stakeholders, including many of your MPPs.

To begin, LSTAR requests that the government of Ontario initiate the necessary legislation changes to the Real Estate and Business Brokers Act, or REBBA, 2002, to allow real estate salespeople to incorporate.

At present, registered salespeople are prevented from incorporating by two facets of REBBA, 2002. First, REBBA, 2002 does not permit the licensing of personal corporations under the act. In addition, REBBA, 2002 does not permit a broker to pay a commission to an unregistered entity. So while a salesperson could form a corporation, they could not receive commission through the corporation under the act.

We at LSTAR believe that there are sound public policy reasons for permitting personal real estate corporations. First, allowing real estate salespeople to incorporate would give them the same business opportunities afforded to members of other regulated industries. In fact, most regulated professions, including chartered accountants, certified general accountants, lawyers, health professionals, social workers, veterinarians, architects and engineers gained the ability to incorporate through the Business Corporations Act in 2001. REBBA, 2002 did not come into full effect until 2006, and as a result, when the Business Corporations Act was passed, it did not consider real estate salespeople in the professional incorporations provisions of the act. While other professions enjoy the benefits of incorporation, salespeople are unfairly discriminated against in this important business tool.

Secondly, personal real estate corporations would help real estate salespeople cope with the introduction of the harmonized sales tax. While some businesses have benefited from the introduction of harmonized tax, real estate salespeople have not. This is because the majority of a salesperson's business inputs prior to July 1, including advertising, gasoline, car insurance, accounting fees, legal fees and home staging, were exempt from provincial sales tax. As a result, the amount of additional input tax credits a realtor can claim is limited to a select number of expenses, making sales tax harmonization not overly beneficial.

As a professional trade association, LSTAR consistently supports higher industry standards and strong levels of consumer protection. For this reason, our proposed method of implementing personal real estate corporations will not reduce consumer protection.

Similar to other regulated industries, LSTAR's proposal would not permit salespeople to limit their professional liability through incorporation. Indeed, LSTAR maintains that personal real estate corporations should only allow salespeople to benefit from the tax considerations given to corporations.

Personal real estate corporations have been successfully implemented now in British Columbia and are presently going through the implementation process in Quebec. We hope that both of these provinces will act as a model for Ontario as we progress towards the release of the 2011 budget.

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Personal real estate corporations is an issue our association has worked on for well over five years. To this end, our provincial association, the Ontario Real Estate Association, has engaged in consultations with both the Ministry of Consumer Services and the Ministry of Finance on how to achieve the necessary changes to allow members to incorporate.

More recently, during the Ontario Real Estate Association's political affairs conference, realtors, including LSTAR members, met with over 80 MPPs to discuss this issue and seek their support. We are happy to report that the overwhelming majority of MPPs and ministers expressed support for our proposal.

To sum it up, we feel that allowing real estate salespeople the ability to incorporate is good public policy because it would give the profession the same rights and considerations given to most other regulated industries in the province and end the current tax discrimination against real estate salespeople.

The Chair (Mr. Pat Hoy): You have about a minute and a half for your next point.

Mr. Jack Lane: To try and make it a little briefer, our next point was concerning brownfields. There are over 12,000 brownfield sites in Ontario, representing hundreds of millions of dollars in property value and much more in economic potential on these idle sites. As an example, at the corner of Clarke Road and Huron Street, we've got the ABB manufacturing facility that has been sitting idle for some time now. We feel the redevelopment of these properties is essential for an increased tax base and infill development.

I'll try and sum this up very quickly. Currently, most of these properties are taxed at an industrial rate. Reducing the tax rate while the properties are under remediation would be a benefit to the developers. The second problem facing developers is that properties cannot be financed during redevelopment. So some assistance and changes in legislation to provide financing for these properties, providing that they are undergoing remediation, would be essential in the redevelopment of the properties and helping the developers be able to afford to do so. Right now, everything they spend has to come from out of pocket.

We've got billions of dollars worth of properties around the province sitting idle because the developers cannot afford—in some cases, some of the properties have been abandoned. The banks don't want them. They're sitting idle. Nobody is claiming these properties. I can think of one property, of those that are local, the Ah So restaurant, that ended up being taken back by the city of London for back taxes and no one would redevelop it because it was a former garbage dump. Now we've got a

piece of property that is sitting idle. It is now in the city's hands and many would say it's a benefit because it's being turned into some parkland, but maybe it's not the highest and best use for the property and the location.

In a nutshell, developers need some assistance. We need some change in legislation to allow those properties to be financed and we need some tax reductions so that during the remediation process, there can be some relief that would encourage developers to do just that—to undertake the remediation.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you for your presentation. On your first point, allowing real estate salespeople to be able to incorporate—I just want to make sure I understand it. Currently, the advantage of being incorporated is that you would be able then to take advantage of input tax credits with the HST. Am I correct on that?

Mr. Jack Lane: Well, it's not just relevant to the HST, but we also feel it's in keeping with the incorporations act and allowing real estate professionals the same benefits that other industries and other professionals, such as lawyers, accountants and veterinarians, enjoy under the Income Tax Act. The current status quo is discriminating but it also allows a number of other benefits that any corporation would provide.

Mr. Norm Miller: But also—because you stated, I think, that currently the HST is not a benefit for real estate salespeople, in that you aren't able to take advantage of any input tax credits.

Mr. Jack Lane: We are able to take advantage of some.

Mr. Norm Miller: But I think you stated that it wasn't a benefit.

Mr. Jack Lane: Yes.

Mr. Norm Miller: Also related to the HST, I know that in your submission you talked about the amount of home renovations as well that are going on. Do you have any sense of whether the HST is driving more of the home renovation work underground as people try to avoid paying the increased tax levels?

Mr. Jack Lane: I do a fair amount of commercial work as well, and I haven't seen that, personally. I would well imagine that in the residential marketplace and in family renovations that might be more prevalent, but I think more and more people are conscious of the pitfalls of not getting a building permit and not having the proper tradespeople do the work, and with that comes proper invoicing and proper taxation. So I don't think that's a huge part of it. There may be some. With any increase in tax, that's a possibility.

We saw with the implementation of the GST that it had an effect for a period of time, but fortunately—or unfortunately—the public gets used to taxation and we tend to go on with our merry lives, whether we should or shouldn't. But that is the reality. We just want some fairness brought into the act.

Mr. Norm Miller: I appreciate the points that you made to do with incorporation. In my own riding of Parry

Sound, I was recently talking to a developer who's got a subdivision that's reasonably high-end, and things have kind of ground to a halt in that because it's above the threshold, so all of a sudden there is a lot more tax payable on those individual lots with homes. What would be the average price of the homes in your real estate board?

Mr. Jack Lane: We're just over \$240,000, on average, and that's both residential resale and condominium as well, both single-family and condominium.

Mr. Norm Miller: You didn't get your full time on the brownfields. A few years back, there was legislation to try to get development of brownfields, but I'm gathering from the submission you're making that there are still a lot of impediments to get financing and to be able to get through the remediation stage with many brownfields.

Mr. Jack Lane: Financing is a big factor; they can't finance it in most cases. They can get financing once the remediation is done—and they've proven remediation, of course—but during the process, they cannot. Of course, the other obstacle is taxation. The properties are still taxed at a higher rate, yet they're sitting idle. What we would be proposing would be more of an industrial tax rate during the remediation process, providing, of course, that they were showing proof that remediation was being undertaken. So phase one, phase two and phase three would all come into play.

Mr. Norm Miller: Okay, thank you. Do you have any questions?

Interjection.

Mr. Norm Miller: Thank you for your presentation.

The Chair (Mr. Pat Hoy): Thank you very much.

SARNIA LAMBTON HEALTH COALITION

The Chair (Mr. Pat Hoy): Now I call on the Sarnia Lambton Health Coalition to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be five minutes of questioning. I'd just ask you to identify yourself for our recording Hansard.

Ms. Arlene Patterson: Honourable members, thank you for the opportunity today. My name is Arlene Patterson, and I'm the president of the Sarnia Lambton Health Coalition. We're also a chapter of the Ontario Health Coalition. I understand from our representative today, Bob Bailey, that part of this presentation has already been given to you today. We're at the end of the day, so if you would indulge me to ad lib a little bit and speak off topic, or not from the report that I gave you, it might be a little more interesting.

I've been a patient in the health care system since 1991—20 years. I have a chronic condition, and I'm one of 19 in North America diagnosed with this particular disorder. I can tell you that our health care system is second to none, and I'd like to keep it that way.

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My involvement with the Sarnia Lambton Health Coalition started out with providing the opportunity for

me to be able to meet people and give presentations such as today's as to my experience of being a patient in the health care system, only because we don't hear very often from patients.

In 1991, I spent approximately \$300 per year on out-of-pocket expenses in order to visit seven specialists that ranged anywhere from Sarnia-London to Toronto and back. In 2010, that cost has gone up over \$8,000 per year.

I am a single woman and on a fixed income, and the out-of-pocket expenses have certainly gouged into my annual income. Certainly, the rate of inflation has not kept up with the costs in order for me to make medical appointments, tests, follow-up etc.

I shall say again that the Ontario health spending is the second-lowest in Canada. Tax cuts, not health cuts, are eating up the provincial budget.

Public health care in Ontario and in Canada is founded upon the principles of equality and compassion. Its goal is to remove the financial barriers from care when people are in need. This has led to greater equality and improved quality of life for millions of people, despite the endless restructuring of cutbacks to the scope of services covered, and in spite of what the Montreal Gazette has termed a masterful propaganda campaign, determined to topple confidence in the public health system, support for public medicare remains strong.

Ontario is the third-last, after Alberta and Saskatchewan, in the total spending of all programs and services as a percentage of the GDP. This places pressure on all social services that people need, from health care to social housing, education and the environment and so on.

While this government continues to support privatization and rationing of needed care while proclaiming that health care is eating up more of the provincial budget, what it fails to note is that the total budget has been decimated by more than a decade of tax cuts. These tax cuts are continuing.

In our area of Lambton county—this area is one of the largest rural areas in southwestern Ontario—wait times for emergency care at Bluewater Health are eight hours, and apparently this is good, even with the expanded ER services at Bluewater Health.

Alternate-level-of-care patients and their families are treated as if it's their fault that they're in hospital and taking up a hospital bed. They're calling these "bed blockers," of recent.

Patients are being forced out of hospital too early and without adequate care, resulting in a revolving door. The cost of readmission to hospital has not been tracked so that the comparisons in cost of earlier discharge can be justified. Are patients recovering in hospital to the point of safely returning to their homes? This is not the case for many.

I do go on and give you a case study of a woman who fell and broke her hip. She was readmitted to hospital hours after returning home because there was a lack of a patient care plan for this individual. Our concern is, how much does this cost our health care system, given that the

system seems to be very fragmented, lacks continuity and also follow-up that's required?

This particular woman ended up convalescing in care 45 kilometres from her home for six weeks, away from family and at a cost to her out of pocket that was approximately \$800 a month she had to come up with over and above her monthly expenses. She almost lost her home because of that. I don't think that the principles of the Canada Health Act intended for this to happen to any of its citizens.

The area CCAC has allowed Bayshore, a for-profit company holding a contract for nursing services, to set up a hole-in-the-wall clinic to which discharged hospital patients requiring home care are required to travel for nursing care. The costs associated with travel or safety do not appear to be of concern, no matter how greatly this impacts on patients and their families.

The majority of Ontario's CCACs are in deficit or face severe staffing shortages, leading to rationing and wait times for care. Home care is poorly organized, it's ad hoc and it is largely privatized.

There is a lack of adequate core standards provided for heavier-care patients to move home or into the community from mental health facilities, which does lead to inappropriate placement.

What is not being spent at the bedside to ensure patients are well enough to be discharged and return to a quality of life and to their homes is being downloaded to the patient, who is also left to navigate their way in getting their medical needs met. There is a lack of continuity and proper clinical follow up.

If I just may, one of the reasons why I think in our area, as far as budgets of hospitals—when the LHINs were created, I think they failed to understand the difference between a regional medical tertiary centre and individual hospitals. I'm finding now—it's been my experience—that patients within the London area who have been referred from surrounding small and rural areas are now being sent back to whence they came. The reason why these patients were sent to a regional tertiary medical centre to begin with was because of the specialty medical service; it met their needs because those services were not available in their local area. I certainly am one of the examples of that. This has put patients into a very difficult position insofar as they don't know how to navigate the system once they're sent back to Owen Sound or Kincardine, where the services are not there to support their medical needs. I would certainly recommend, and I speak on behalf of the health coalition, that the budgets for regional areas such as the London Health Sciences Centre be separated from hospital budgets different from Bluewater, Wallaceburg, Chatham-Kent alliance etc. These are very well needed medical centres where they have the specialties that are so needed by a lot of us patients.

The Chair (Mr. Pat Hoy): You have about a half a minute left.

Ms. Arlene Patterson: I'll leave it at that. If there are any questions, I'll be happy to speak to them, even from

the report that's in front of you as well. I do apologize, but Mr. Bailey said to speak off the cuff, so I spoke off the cuff.

The Chair (Mr. Pat Hoy): Okay. Then we'll go to Mr. Tabuns of the NDP.

Mr. Kevin Daniel Flynn: You had the best presentation of all.

Ms. Arlene Patterson: Oh, really?

Mr. Peter Tabuns: Thank you very much for coming and making a presentation today.

One of the things you touched on very quickly was an article I think in the Montreal Gazette about a program, a campaign of public relations against the health care system. Can you enlarge on that? I think this question of sustainability comes up a lot. Not only you but the other health coalition representatives who've come to see us today talk about the need to end this talk about unsustainability. If you could talk about the Montreal Gazette article and then about the impact of the unsustainability argument, I would appreciate it.

Ms. Arlene Patterson: Well, the argument is not true. Our system is sustainable. It's sustainable because we've proven that. Hospitals in Ontario are funded \$100 per person, per capita, more than any other province in Canada. Our hospitals are the most efficient hospitals in the whole country. So if we can do that, we can certainly sustain hospital budgets.

Now, drawing the difference between general health care spending to hospital budgets, I think the line has been blurred many times in that unsustainability banter—I don't know what you want to call it, but anyway. It is sustainable; we would argue that. We have put out a booklet, actually, on how our health care system is sustainable. Part of the charts that go with our presentation also speak to that.

If we can do with less as much as we're doing now to service patients, then surely to goodness it's only reasonable to believe that we can do better. Where we need to do better is to close the loopholes in the employment health tax, close the gaps in terms of how this system has been so fragmented for patients that a lot of patients are requiring an advocate in order to be able to manoeuvre their way through the system.

We can do better to meet patient needs, but it is sustainable.

Mr. Peter Tabuns: When you talk about those employer health tax loopholes, can you enlarge upon that a bit as to the total volume of money we're talking about here?

Ms. Arlene Patterson: Well, if you would indulge me for a minute—

Mr. Peter Tabuns: I will.

Ms. Arlene Patterson: I will read you a couple of paragraphs from Hugh Mackenzie's paper on the Ontario alternative—actually, that's not the title of the paper. It's Meeting the Need: Rebuilding Ontario's Ability to Pay for Public Services. He speaks directly to the employment health tax.

"The most expensive loopholes in Ontario's tax system are the various exemptions from the employer health tax. The loopholes include the exemption for the first \$400,000; exemptions for self-employed individuals; exemptions for income from stock options. All of these exemptions undermine the fairness of the system; all of these exemptions cost the people of this province a substantial amount in lost revenue; and none of these exemptions meets the test of being well targeted to an accepted public policy goal.

"More important, exemptions from the employer health tax are inconsistent with the history behind its creation and the role that it plays in funding the health care system. The EHT is the replacement for the OHIP premium. As such, it is the contribution expected of employers in return for the substantial competitive benefit they receive from the existence of public medicare in Ontario.

"Eliminating all exemptions from the EHT would raise an additional \$1.1 billion."

Does that answer your question?

Mr. Peter Tabuns: That's clear enough.

I don't have further questions. Mr. Chair, I leave it to you.

The Chair (Mr. Pat Hoy): Thank you for your presentation this afternoon.

For the committee, our next presenter is unable to be here today, so with that I will adjourn.

The committee adjourned at 1534.

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STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

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Second Session, 39th Parliament

Assemblée législative de l'Ontario

Deuxième session, 39^e législature

Official Report of Debates (Hansard)

Tuesday 25 January 2011

Journal des débats (Hansard)

Mardi 25 janvier 2011

Standing Committee on Finance and Economic Affairs

Pre-budget consultations

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires

Chair: Pat Hoy
Clerk: Sylwia Przedziecki

Président : Pat Hoy
Greffière : Sylwia Przedziecki

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Tuesday 25 January 2011

Mardi 25 janvier 2011

The committee met at 0901 in the Holiday Inn and Suites, Windsor.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We're pleased to be in Windsor today to hear from all of you.

WORKFORCE WINDSORESSEX

The Chair (Mr. Pat Hoy): Our first presentation of the morning will come from Workforce WindsorEssex. Would you come forward, please? Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning, coming from the official opposition in this round. If you'd just state your names before you begin for our recording Hansard, and then you can start.

Ms. Shelley Fellows: Thank you. Good morning. My name is Shelley Fellows. I'm the president of the board of Workforce WindsorEssex, and I will be speaking on behalf of Workforce WindsorEssex this morning.

Ms. Donna Marentette: I'm Donna Marentette, executive director. It's certainly a pleasure to see you in the chair, Mr. Hoy.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Shelley Fellows: I have to first start with a brief apology. I do have one of those colds that is going around with everyone and my voice is not quite as strong as typical. I'm glad we have microphones this morning. Anyway, please, no one shake my hand or come within about a 10-foot circle of me.

Members of the committee, Workforce WindsorEssex is appearing before you today to ask you to ensure that jobs for Ontarians will be the highest priority in the forthcoming provincial budget. Workforce WindsorEssex is one of 25 local boards in Ontario with a mandate to ensure that the workforce of today gets the education and training needed to take the jobs of today and tomorrow. Our independent, community-based, non-profit board was created in October 2008 as a result of significant foundation work by the city of Windsor, the county of Essex, the WindsorEssex Economic Development Corp. and the province of Ontario.

The board members are community leaders with a strategic outlook on the Windsor-Essex community as a whole, in addition to ties to key sectors in business, labour, health, social welfare, newcomers and education. The board's mandate is to plan, facilitate and advocate for regional workforce development, defined as the development, retention and recruitment of a wide range of skilled workers to meet the current and future economic and social development needs of Windsor-Essex. The board wants to identify where the jobs of the future will be coming from and to ensure that the Windsor-Essex workforce will meet these demands, as well as act as a catalyst in attracting new industries and businesses to the region.

No doubt you are well aware that the Windsor-Essex region has suffered with the highest unemployment level of any region in Canada for the past many months. The good news is that over the past 19 months, our unemployment rate has declined from a high in July 2009 of 16% to the January 2011 rate of 10.8%. The bad news is that this decline can be attributed in part to people who have given up looking for a job or even left the area. In fact, since 2007, Windsor-Essex has experienced a net out-migration of more than 7,800 individuals, more than 5,000 of whom are in the key 25 to 44 age range.

This situation is even bleaker for our young people. Youth aged 15 to 24 years are currently experiencing an unemployment rate of 19.3%. Yes, thankfully, the rate has come down since hitting a peak of almost 30% in September 2009. Still, almost 20% of our young people who want to work can't find work. We're talking about almost 11,000 young people who would be working if they could get jobs. As you can imagine, the reality is that they are in competition with their own parents, aunts, uncles and others in the group displaced from the manufacturing sector, which is our biggest economic sector in this region, who are willing to take any job in order to support their families.

With funding support from the Ministry of Training, Colleges and Universities, Workforce WindsorEssex has been working hard with our partners to address this situation. We have created an occupational handbook to assist our local workforce to find employment building the new Windsor-Essex Parkway. We have asked MTCU for changes to the Second Career eligibility requirements to enable more local people to access this excellent

program, which we hope will continue to receive a significant level of funding.

We have encouraged the Ontario Ministry of Community and Social Services to provide more employment dollars to our social services municipal service manager for employment services for folks who have had to accept Ontario Works income support.

We are planning a conference for young people to help them make good choices toward careers in the knowledge economy since the pathways previous generations of Windsorites followed into the auto plants will no longer be open to them, with the exception of Chrysler Canada.

We are working with WindsorEssex Economic Development Corp. to bring jobs to the region, telling prospective employers about the skills that we have here just waiting to be put to use. We are working with Pathway to Potential, the Windsor-Essex poverty reduction round table, to ensure that flexible pathways are in place so that all members of our society can progress with suitable training and support toward participation in the labour market.

Some of the job creation and training programs we support are, among others, the Ontario Job Creation Partnerships, the Ontario self-employment benefit, the Targeted Initiative for Older Workers, the Ontario internship program, Summer Company, the summer jobs service, summer jobs for youth, Passport to Prosperity and the literacy and basic skills program.

We are looking ahead with anticipation to a provincial budget that will include provisions for job creation in the private and public sectors, jobs for youth and displaced workers and continued support for the education and training programs that will continue to lift Ontario out of recessionary times and put us back into the haves column of provinces.

The Local Boards Network was launched in 1994 in Ontario and, as part of Workforce Planning Ontario, we look forward to continuing our mandate to connect stakeholders within the labour market.

There are copies of this in front of you, including some of the statistics. We have a chart specifically outlining the statistics behind the youth employment situation and some information on Workforce WindsorEssex as well.

The Chair (Mr. Pat Hoy): Okay. Thank you very much. The questioning will go to the official opposition; Mr. Miller.

Mr. Norm Miller: Thank you. Good morning and thank you for your presentation. One of the government members asked me to ask if you got the flu shot.

Ms. Shelley Fellows: Actually, I did not this year.

Mr. Norm Miller: Neither have I.

Some of the statistics you show are a little discouraging, particularly the youth unemployment numbers. You're saying the current youth unemployment rate is 19.3%.

One of the presenters yesterday was a literacy group and they were looking for more funding for literacy, and

I think the stat they used was that 40% of the population doesn't have the necessary skills and the literacy to be able to use their skills in the workforce. Is that the situation here in the Windsor area as well?

0910

Ms. Shelley Fellows: Well, in terms of the research that was done, Donna, perhaps you could—

Ms. Donna Marentette: I don't have statistics off the top, but it's quite a serious situation. In fact, many of the people who are displaced from the auto industry and from manufacturing in general don't have a grade 12. They lack literacy and numeracy skills. When some of those folks went into a college Second Career program, the college had to create special courses for them just to bring them up to a level where they could tackle college-level courses, since literacy and numeracy had been so unused in their manufacturing jobs on the job. This is really a serious concern.

One of the areas we'd like to press forward to in the next year is looking at workplace literacy. I know the federal government has provided some funding for that. Literacy is definitely a serious concern and not an area to cut.

Mr. Norm Miller: With the youth unemployment rate, there have been a number of increases over the last couple of years in the minimum wage. Do you have any statistics on whether that is negatively affecting that youth unemployment rate?

Ms. Donna Marentette: I would have to say we don't have any statistics, but—I don't know. Shelley could speak to it in terms of whether people in the private sector are not creating jobs due to the minimum wage.

Ms. Shelley Fellows: That would actually be an interesting project, perhaps not on a local level, but to do on a provincial level, to examine the impact of that on employment.

I have a teenager who is about to embark on her post-secondary education. While she has been fortunate enough to find a part-time job with a small business locally, I do know that that particular business person has reduced the number—this person tends to hire youth; it's a pizza shop—to deliver his products and services. He has reduced the number of employees that he typically holds. I would imagine that had an impact on him.

Mr. Norm Miller: Obviously, the auto industry has historically been a very significant business and job creator in the Windsor area. What do you see for the future in the auto sector? Is there anything specifically the government should be doing?

Ms. Shelley Fellows: I also am on the board of directors of the WindsorEssex Economic Development Corp. One of the initiatives that the development corporation has been very focused on is, of course, diversification in manufacturing for our region, knowing that our workforce has strong competencies in a number of areas that were refined—building automotive components—but can relatively easily be transferred to other types of manufacturing: aerospace and green energy, for example.

One thing that is important, though, is that if there are skills that are required in order to bring that workforce to the capability level that is required by the other manufacturing sectors, it's important to make those training dollars available to our population. That is something that's very important. That supports, certainly, Ontario's competitiveness in terms of attracting that manufacturing to our province as well.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

WINDSOR ESSEX HEALTH COALITION

The Chair (Mr. Pat Hoy): Now I call on the Windsor Essex Health Coalition to come forward, please.

Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning coming from the NDP in this round. If you'd state your names for our recording Hansard, you can begin.

Ms. Katha Fortier: Good morning. My name is Katha Fortier. I'm the co-chair of the coalition.

Ms. Isabell Taylor: I'm Isabell Taylor and I'm trustee of the coalition.

Ms. Katha Fortier: We welcome the opportunity to attend before what we hope will be an open and full debate about the future direction of our provincial economy and health care in Ontario.

The Windsor Essex Health Coalition is affiliated with the Ontario Health Coalition but is in every sense a local group, attracting members from not only Windsor but surrounding areas like Leamington and Amherstburg. We share common goals that go beyond ensuring that the Canada Health Act is maintained. Undoubtedly, we are among the 83% of Ontarians who give unqualified endorsement for our universal health care, but at the same time consider ourselves watchdogs of our most valued social program and actively seek its expansion to areas like long-term care, home care and pharmacare.

Our members meet monthly, and we hold an annual general meeting that attracts 200 people. Additionally, we facilitate and participate in activities in our communities that bring attention to health care problems, and work to bring about improvements.

The fiscal debate: Undoubtedly, Ontario is struggling to recover from a devastating recession. Yet, despite this, Canadians continue to overwhelmingly put health care on the front burner as a top issue. Polling shows that health care surpassed jobs and the economy as the top issue in two of three 2010 Nanos polls. The reality is that when times are tough, people rely on the health care system more than ever for a myriad of reasons, and this is glaringly apparent in Windsor and the surrounding areas.

We applaud the tough decision of Health Minister Deb Matthews last year to significantly reduce the cost of generic drugs, recognizing millions of dollars of savings, but these cost savings should be funnelled back into our health care system. Increased spending on drug costs over the last 25 years has correlated with decreases to

hospital spending, and we must at least partially restore the balance.

Public uproar at the implementation of a blended HST would have been lessened had Ontarians been assured that at least some of those funds were used for health care.

Certainly, our organization questions the sense of corporate tax cuts when there appears to be no correlation between these tax cuts generating enough tax revenue through new job creation to make up for the \$2.4 billion in lost revenue to the province. Cutting the deficit won't create good jobs, but creating good jobs will reduce the deficit.

Ms. Isabell Taylor: While there are many good things about health care in our area, a 10-minute presentation only allows for focus on what needs to be improved. What appears to be an ever-growing shortage in hospital and long-term-care beds does not appear to be getting better and adversely affects care at all levels. The closure of 20% of the bed capacity at Leamington hospital last year has effects across the region, and in fact, Dr. Enrique Guerra, chief of medicine at Leamington hospital, spoke about the detrimental effects on patient care because of this decision at our AGM in February 2010.

As well, the closure of Malden Park, a long-term-care facility operated by Windsor Regional Hospital, is cause for concern. In 2007, when we were promised an additional 448 beds for this area, no one mentioned that we would lose 156 publicly funded and administered long-term-care beds. Worse still, the completion of 256 of those beds at the former Grace Hospital site has been delayed beyond what anyone would consider reasonable, and the site continues to be nothing more than a horrible eyesore.

Ultimately, hospital cuts can be traced to underfunding—well below the rate of inflation for the last three years—the LHINs and the Ministry of Health and Long-Term Care.

Because of the shortage of long-term-care beds, residents often end up in retirement homes that are not regulated to provide nursing care and can cost individuals thousands of dollars every month, with no subsidy from the government. In this industry, you get what you pay for. Sixty-five residents continue to live in a perpetual state of uncertainty at La Chaumiere retirement home in Puce. The owner rarely pays his bills on time, groceries are often scarce and the employees' pay is weeks behind. The residents stay because they have nowhere else to go. The workers stay because they care about the residents. The new Retirement Homes Act does nothing to protect either of them.

Worse still, our long-term-care beds, the vast majority of which are now operated by for-profit corporations, lack adequate care standards to provide for heavier-care residents moved out of mental facilities and hospitals. Operated mostly by for-profit operators, they still have little accountability to provide adequate staff. While a compliance officer can ask the nurse responsible for the

care of residents if there are enough staff working to provide adequate care, there is absolutely no recourse if the answer is no. Patients who move out of hospitals face inadequate and rationed home care.

0920

Respite care for full-time caregivers is almost non-existent, and yet home caregiver agencies are busy providing care in retirement homes across the city, because residents who are unable to self-pay for services like bathing or medication administration may qualify for them through home care. These services are provided via the CCAC despite the fact that it would likely be more cost-effective and provide more consistent care to have this provided by the home, by the caregivers who work there every day.

Home care is also in our nursing homes. A recent outbreak at Banwell Gardens resulted in residents going without physiotherapy for several weeks, because this is a home care service. Would it not serve residents better if the homes were staffed with a physiotherapist aide?

Community residents also question why, in 2011, we continue to rely on Detroit hospitals for 24-hour angioplasty, when it seems obvious that the costs of sending our patients out of the country far surpass the cost of building and operating our own unit. Work is hopefully under way to restore public faith in the Hôtel-Dieu Grace Hospital and redeem the reputations of the hundreds of health care workers who provide top-quality care to their patients.

According to public sector salary disclosure, the three Windsor-Essex hospitals—Windsor Regional, Hôtel-Dieu Grace, and Leamington—grew in executive numbers, from 26 to 88, in a mere five-year span from 2005 to 2009, an increase of 62 managers. As a specific example, in 2005, Windsor Regional Hospital had five vice-presidents and one director with salaries above \$100,000. In 2009, the executive team has grown to seven vice-presidents and 13 directors. Recently, the three hospitals advertised jointly for an integrated director, labour relations, because apparently you can never have enough directors.

Bill 16 may freeze their wages for two years, but it simply does nothing to address the real problem of exorbitant growth in executive numbers and salaries. Bill 16 is also directing health care dollars to lawyers and arbitrators to settle collective agreements which could otherwise be resolved through free collective bargaining.

Ms. Katha Fortier: I'm not sure of our time, but I'll just continue to go—

The Chair (Mr. Pat Hoy): You have about two minutes.

Ms. Katha Fortier: Two minutes? All right. I'll just go through our recommendations and that should take us there.

Ontario's health care funding should move to be in line with the rest of the country. To at least be considered average, Ontario would need to spend an additional \$262 per resident in hospitals, \$121 in nursing homes and \$40 in home care.

Provide a multi-year funding framework for transfer payments to agencies to ensure stability and predictability and consider real costs and increases to these costs. This would include not only hospitals and long-term-care facilities, but addiction and mental health centres, home care and ambulance services.

Reinstate and fund a minimum measurable standard of care of 3.5 hours per resident per day to return accountability for care of our most vulnerable citizens back to the government.

Examine and curb excessive administration and executive costs in health care. Health service providers funded by the government should be obligated to report all staffing hours related to direct and non-direct patient/resident care, and be subject to scrutiny for appropriate staff utilization mix.

Stop the increasing privatization of health care, especially in home care and long-term care, where millions of dollars end up as profits for shareholders. Cancel competitive bidding, pay-for-performance hospital funding and P3s.

Ensure patients who require nursing home beds are not systematically downloaded to retirement homes, and ensure that retirement home living can be safe, comfortable and affordable for those on low incomes. Improvements to CPP, specifically the CLC-endorsed plan, would go a long way to ensuring this happens.

Disclose the costs and assess the effectiveness of home care provided in retirement homes and nursing homes.

Cancel the corporate tax cuts and eliminate employer health tax loopholes, like exemptions for the self-employed on the first \$400,000 and for income on stock options.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Thank you very much for coming in this morning, and thank you for that presentation. Your recommendations are in line with what we've heard from health coalitions in London and Chatham—no surprise.

But there are a few things that you raised that I was a bit struck by. One is the closure of Malden Park long-term-care facility. You were promised more beds; in fact, there would have been a reduction. But even the beds that were going to come in place haven't been built yet. So what's the impact?

Ms. Katha Fortier: Well, the impact—again, I think you can refer to appendix E, where we've got "Bed Crisis Hits Met Hospital." Again, this is just certainly one example of a backlog of beds. Unfortunately, the residents who should be in long-term-care facilities don't have a place to go. They're taking up hospital beds and it's backing up the entire system. The Grace Hospital site is supposed to be redeveloped into 256 beds. It has sat derelict for years, quite frankly. It really is an eyesore to the community. I can't imagine—it's very unsafe. In fact, I drove by, because every time I come to one of these things, I hear, "Oh, they're working on it." I did make a circle Thursday, so unless they started Friday or Monday,

there really seems to be no construction going on at that site whatsoever—again, delay after delay. We hear, “Oh, yes, they’ll start in two weeks,” and two weeks comes and passes and we don’t know what’s happened. And then losing the Malden Park beds at the same time really has just compounded that situation.

Mr. Peter Tabuns: So what response do you get when you go to the provincial government or your MPPs and point out that it seems to be an abandoned site rather than a worksite?

Ms. Katha Fortier: We have raised this with our MPPs locally, both Dwight Duncan and Sandra Pupatello. We visited with Sandra in the spring and Dwight in the fall, and at both visits we were told, “Oh, yes, it’s under way.” In fact, Dwight told me that it was going on as we spoke, which is why I made the circle route on Thursday to find out. There are a couple of pieces of heavy equipment sitting on the lot, but nobody is working and nothing is happening.

Mr. Peter Tabuns: The second thing that I wanted to ask you about is this La Chaumière retirement home. I mean, this is an incredible situation of instability for these seniors. Again, when you raised this with Dwight Duncan and Sandra Pupatello or the Ministry of Health or the minister responsible for seniors, what did they have to say?

Ms. Katha Fortier: Well, I believe that—you know, certainly what’s happened recently, the members who work there are members of the Canadian Auto Workers union. I work for the Canadian Auto Workers union in my other hat, so I do know that Ken Lewenza had spoken with the minister for seniors, and I believe she is planning to come and attend here and at least look at the situation. It’s been ongoing for months, and it’s been generating a fair amount of press.

Again, the workers—mostly women, and certainly not highly paid women—who work in this industry, as you well know, are really facing incredible financial demands on their families. This is incredible hardship. If you can imagine, it’s December 23, and they’re debating whether or not they’re going to get paid this month so they can buy Christmas presents for their children. Again, it’s one of those things where there’s a new retirement act, but it’s sort of a vague act. It doesn’t give a whole lot of clout to any of these things happening. The residents who live there—again, you choose a retirement; the reality is, we choose what we can afford. That’s where you can afford to live, and the costing varies greatly. Retirement living can cost you \$8,000 a month, if that’s what you care to spend on it.

So the reality is, it’s a very difficult situation, and we’re trying to bring as much attention to it as we can, which is why I raise it and why our coalition put it in this report.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Peter Tabuns: Thanks very much. I appreciate it a lot.

JOHN MCGIVNEY CHILDREN’S CENTRE

The Chair (Mr. Pat Hoy): Now I call on the John McGivney Children’s Centre to come forward, please. Good morning. You have 10 minutes for your presentation. The questioning could be up to five minutes and would come from the government in this case. I ask you all to identify yourselves for our Hansard, and you can begin.

0930

Ms. Elaine Whitmore: Good morning, and a very warm welcome to Windsor. My name is Elaine Whitmore and I’m the executive director of the John McGivney Children’s Centre, the children’s treatment centre providing services across Windsor and Essex county. I’m pleased to be joined this morning by my colleagues: to my immediate right, Jenny Greensmith, executive director of Pathways Health Centre for Children, the children’s treatment centre providing services to Sarnia and Lambton county; and Donna Litwin-Makey, executive director of the Children’s Treatment Centre of Chatham-Kent. I’m also pleased to have joining us in the audience as well a board member of the John McGivney Children’s Centre, Mr. Ray Stanczak, who is also a parent of a child with a disability.

We are very appreciative of this opportunity to present to you this morning to outline recommendations that will enhance the quality of life for children and youth with special needs in our local communities of southwestern Ontario and across the province of Ontario.

Provincially, 21 children’s treatment centres provide over \$194 million worth of services to 65,000 children with physical, communication or developmental disabilities. These children and youth have a variety of challenges such as autism spectrum disorder, spina bifida, cerebral palsy, cystic fibrosis, muscular dystrophy and developmental delay, to name a few.

Locally, across our southwest region, our three centres provide essential rehabilitation and support services to over 6,200 children and their families annually, and provide essential employment to over 313 dedicated and highly skilled staff. Our partners in children’s rehabilitation include the Ministry of Children and Youth Services, the Ministry of Community and Social Services, the Ministry of Education and the Ministry of Health and Long-Term Care, along with a network of extensive local community partnerships, including community agency service providers, school boards, hospitals, municipal governments, universities and community colleges. Together, we are working to ensure that all children and youth in Ontario have the best opportunity to succeed and fulfill their potential, today and in the years to come.

This morning we would like to start by expressing our appreciation for the \$9 million in operational funding enhancement announced by Minister Laurel Broten last April for 20 of the children’s treatment centres across Ontario. This has enabled centres to maintain and expand services to children and families across Ontario and to

preserve and create valuable jobs in communities throughout the province. Locally, this resulted in an additional \$819,000 in operational funding to our three centres. With those funds, we have been able to provide services to an additional 480 children through the employment of an additional 12 highly skilled pediatric rehabilitation and support staff.

In addition, we would like to also express our appreciation for the Ministry of Children and Youth Services's \$2.5-million investment in a state-of-the-art client information management system for 12 of Ontario's children's treatment centres. Our three centres are very pleased to be participating and benefiting from this investment in leading-edge technology that will enhance service planning and will improve the quality of care for approximately 37,000 children across the province. This progressive health informatics model, one of the first of its kind in the province of Ontario, will increase data accuracy and expediency while eliminating administrative redundancies, resulting in expected reductions in wait times, quicker referrals to services, improved quality of care and expanded family engagement. At a systems level, enhanced collective statistics for outcome measurement and program planning will drive best practices that will improve outcomes for children and build capacity to serve the areas of greatest need. We thank you for those investments for the benefit of the children we serve.

Ms. Jenny Greensmith: Today we are here to not only express our appreciation to all of Ontario's legislators for your support of vulnerable children, but to speak to you regarding the critical importance of continuing to build the capacity to meet the needs of our youngest citizens. We know, as you do, that meeting the needs of vulnerable children transcends party lines. As a sector, we are pleased to have the support of all our local MPPs, who understand the importance of dependable, reliable and vital supports for children and families in need.

The Ontario government has committed to full-day early learning for 250,000 four- and five-year-olds by 2015. Children's treatment centres support this initiative and believe that giving children—all children—the best possible start in life is an important priority. We know that if we fail to attend to children's needs when they are young, we end up expending higher costs in the future—costs in dollars, costs associated with increased demands on the system and costs in lost potential.

We are excited to support the children we serve to enter into kindergarten with their peers. We believe that the intent of full-day early learning is to provide all children with the opportunity to excel. We are, however, concerned that without careful planning and consideration we may inadvertently create barriers for children in need of special support.

In this first year of implementation, an estimated 15% of eligible children will begin this new journey. Planning is under way for the second and subsequent year of implementation. Regrettably, children with special needs

have been underrepresented in these totals across the province.

While the reasons may be as varied as the families and children involved, a concerning trend is being identified by children's treatment centres across the province. Parents fear the vital services and supports that they currently receive in child care and treatment centre settings will not follow their child to school. We are concerned that, left unattended, this situation has the potential to leave some children behind.

When children enter school later than their peers, they do not benefit from the learning and social opportunities that are inherent in this program. We believe that with coordinated planning, good partnerships and some innovation and creativity, this situation can be addressed. We have reason to be optimistic.

Ms. Donna Litwin-Makey: Building on the success of the Lambton-Kent Best Start initiative, we saw in our local communities the introduction of full-day learning as a great opportunity to build on the success of kids in our community, so locally we're participating in a pilot. Together with the Sarnia treatment centre and our centre in Chatham, the St. Clair Catholic District School Board, the Lambton Kent District School Board and children's developmental services in our municipality, we've come up with a model.

What we're doing this year is providing occupational therapy, physiotherapy and speech-language therapy right onsite at our pilot early learning schools. Our goals were really to integrate therapy into the classroom; to get really strong relationships between the parents, the teachers and our staff; and to get really strong kid outcomes or success. Based on our early feedback, we are seeing really good progress. Kids are transitioning in well. We have teams built around the child, and kids are doing well and meeting their goals.

For an example, as I was gathering information and feedback, a parent whose child went into JK last year—he was there just one day and had a lot of difficult behaviours. It was decided that he would not be able to continue. We also struggled with this child at our centre because—again, just lots of behaviours in the way of us using therapy to address his developmental needs. This year, we've been very pleased because the therapists are right at school. Everyone is problem-solving and working together. He loves school. The teacher feels really supported. A lot of strategies that work for this fellow also work for other children, and everything is going really well.

One thing we've also been really interested to learn is that, although we are already supporting, let's say, around 10 kids per school, an additional 10 referrals per school have been coming in. This has been from families who perhaps have known about preschool services and just didn't step forward yet, but now that a teacher is involved and can really point out the child's difficulties, they're really stepping in for service. So we know we're reaching more kids and making a greater difference earlier.

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The Chair (Mr. Pat Hoy): You have about a minute left.

Ms. Donna Litwin-Makey: Okay. Locally, we know we lack enough resources to service the full community, and our treatment centres lack the resources across the full province to do this. We know we've got an excellent education system with special education, but we realize we also need supports to fund the therapy.

Through our provincial association of children's treatment centres, or OACRS, we propose the government allocate \$15 million annually of the already-committed \$1.5-billion expenditure to support full-day learning. This investment of 1% of the total expenditure would better deliver outcomes, good transition planning, capacity-building and partnerships; children will make better progress; and I think we'll get greater efficiencies over time. Again, OACRS is proposing this to be phased in to match the phasing of the early learning across the province.

Thank you so much for the opportunity to speak with you this morning. Thank you for your support for children. We know you have difficult decisions, but we do want to stress that we're asking for funds that have already been committed, to target a portion of those funds and to target them towards our province's vulnerable children and the support they require to succeed along with their peers in educational settings and in life itself. Thank you very much.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government side. Ms. Pendergast.

Ms. Leeanna Pendergast: Good morning. Thank you for being here, Jenny, Donna, Elaine—and Ray? Is that you? Ray, thank you for being here. The parent testimonial in these situations is always the most powerful. Thank you for being here, and thank you for what you do.

My background is a teacher for 22 years before this with students and as a vice-principal. I always dealt with the highest-needs students and found it very difficult not having support in schools, especially for children with special needs.

Fast forward 25 years: We've come a long way, but we still have more work to do. Fortunately, you have very strong local members here in Dwight Duncan, Sandra Papatello and Bruce Crozier. They're very supportive. They get it. The government does understand.

I met with Linda Kenny just last week. We had the CRISP announcement in Waterloo at KidsAbility because I'm from Kitchener-Conestoga. Stephen Swatridge hosted us—very exciting. The \$9 million, you said, affected 480 children. Is that right? That's remarkable. It's another positive step forward. The CRISP system, of course, the communication, the idea that children's treatment centres can now communicate and the data can follow that child is yet another step forward.

I guess my question—and I'm going to share my time with my colleague Kevin Flynn, beside me, because he also met with Linda Kenny last week and he's the parliamentary assistant to education, so he'll have a question. The next step, I guess, is the idea of what you were talking about with full-day learning: to implement and incorporate full-day learning with students with special needs and students that come to the children's treatment centre. When I was there, the four-year-olds were there at KidsAbility last week, so excited to be there, the whole implementation. But what they were explaining to me locally is that it's a local plan, how they locally plan to integrate full-day learning and support in the schools or in the treatment centre.

Do you have a local plan? I know you started to give an example of Lambton-Kent. I know you said that the four-year-old loves school, which of course at the end of the day is the target, the word "loves." You also said that the teacher was supported. So two key things that you brought up. Those are the targets and the goals, so how do we get there is the question. Do you have local examples or more ideas? I know Stephen locally, at KidsAbility, has a local example. What is the plan to connect on a provincial level so that you're not just isolated in Windsor, isolated in Kitchener-Waterloo, that idea?

Ms. Donna Litwin-Makey: Locally, we do have a planning table, the partners that I mentioned earlier. We set out a local vision in terms of schools first in terms of where to go. We initially thought perhaps we should continue to pull kids out of school, traditional model, back to the centre. The support rather was for meeting the child's needs right at school, and that would best support the families as well as the school staff. That's our local planning. We have at OACRS our 21 centres and we have worked really hard at understanding what to do next with early learning, and so we do have subcommittees that continually update each other and give each other information to go back to their local communities and plan. Most communities have a preschool planning table that they're expanding to include the four- and five-year-olds' school.

Ms. Jenny Greensmith: I'd just like to add that the local planning at the Lambton county level has mirrored that in Chatham-Kent, and the feedback from the teachers in our five full-day early learning classrooms has been ecstatic. They have told us that it really makes such a difference having the therapists on site with them. We are also able to provide some early learning resource support staff from our ECE teachers who have been in the licensed daycares with the children and are now following them into the classroom. That is a very successful model that we're going to be developing.

We are also noticing an increase in referrals because there are still children, in this day and age, despite all our best efforts with Best Start hubs and early learning centres, who are turning up in JK classrooms for the very first time. We're excited to see that and want to work with them.

The Chair (Mr. Pat Hoy): There isn't another question? Thank you for your presentation.

COMMUNITY LIVING ESSEX COUNTY

The Chair (Mr. Pat Hoy): Now I call on Community Living Essex to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning, which would come from the official opposition in this round. I ask you to identify yourselves for the purposes of our recording Windsor, and then you can begin.

Ms. Nancy Wallace-Gero: Good morning, Mr. Hoy. Thank you so much for allowing us to be here today. I'm Nancy Wallace-Gero, and I'm the executive director of Community Living Essex County.

Mr. Xavier Noordermeer: Good morning and welcome to Windsor. My name is Xavier Noordermeer, and I'm the executive director of Community Living Windsor.

Ms. Nancy Wallace-Gero: Members of the Standing Committee on Finance and Economic Affairs, we want to thank you very much for the opportunity to appear before you today to update you on important issues in the developmental services sector in Windsor and Essex county and to share our recommendations for financial strategies for the 2011 provincial budget. We believe these recommendations are absolutely necessary to ensure the provision of quality supports and services for individuals who have an intellectual disability in their families. We're talking about individuals of all ages: children, youth and adults.

Community Living Essex County and Community Living Windsor have chosen to jointly present to the committee, which we believe demonstrates our collective commitment to the people we support throughout this area and the collaborative nature of the work we do. And it's a positive use of your time and resources.

Mr. Xavier Noordermeer: Our agencies have served our community for over 50 years, and together, we support over 1,200 people of all ages who have an intellectual disability, all of whom live in Windsor or Essex county. Our supports and services are guided by the vision of a society where everyone belongs and has equality, respect and acceptance.

Services and supports that we provide include supported living, day supports, employment supports, short break services, family supports and special services at home. We receive the majority of our funding from the Ministry of Community and Social Services and the Ministry of Children and Youth Services. We are both active members of Community Living Ontario and OASIS.

In addition to the people we support, our agencies collectively employ over 900 people, full-time and part-time support workers, many of whom are represented by the Canadian Union of Public Employees, CUPE. We believe our employees are among the very best and most dedicated in the province of Ontario, and the work they

do is extremely important to the well-being of the people we support and their families.

Two subjects: The significant impact of the developmental services sector will be our focus today. The positive steps recommended will ensure that the quality of supports and services currently in place can remain and further establish a framework so that the overwhelming need of so many citizens in Windsor and Essex county and in Ontario can be addressed.

Ms. Nancy Wallace-Gero: Now to the heart of the matter: We'd like to talk a little bit about those waiting for services and supports, an extremely critical issue in our sector. Waiting lists for supports and services continue to grow. We fully understand the pressures the province is facing. Really, we have considered this financial reality in our remarks, but let me share some details.

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Last year, the Ministry of Community and Social Services allocated an additional \$56 million to the developmental services sector; \$20 million was for administrative functions, to help implement the ministry's transformation agenda. So none of that funding went directly to people. Only \$12 million was actually used to help people in urgent need on wait-lists. The majority of the new allocation, \$24 million, was spent on supports and services for people who were already being funded on a fiscal basis due to the urgency of their need.

It is imperative that the ministry processes accurately reflect the existing demands on this sector and realistically forecast and plan the financial resources needed to eliminate the wait-lists across this province.

Let me share with you the wait-list demands in Windsor-Essex county: over 400 adults and their families—and I'm emphasizing adults because of the aging-family issue. It's huge in our community. They are urgently awaiting supports and services. We know that there are many others who require help but have not, for a variety of reasons, completed the necessary paperwork to be added to the list.

Special services at home funding: Wait-lists for children, youth and adults in our community have grown to approximately 350 in Windsor-Essex county alone, and over 7,000 provincially are waiting for this funding. Many families waiting for help receive it only in the most pressing of situations or have to wait for the death of someone currently receiving services in order to begin to have their most urgent needs met. People who have an intellectual disability are anxious to take part in society as fully participating citizens. Ensuring such inclusion demands that adequate levels of government-funded supports and services are available for individuals and families as they pursue meaningful and productive lives.

Some of the most serious issues: Accommodation supports are unavailable for many individuals who have significant challenges, whose parents have become too old to care for them—and when I say "too old," I mean in their eighties and nineties. Individuals with extremely complex needs must wait many years for any support funding—day supports or accommodation supports—

placing ongoing stress on families and caregivers and often forcing the situation into a crisis. In an effort to deal with the crisis, people are often shifted to so-called temporary arrangements, which could be nursing homes, rest homes or other inappropriate situations while they await appropriate accommodation. These temporary arrangements are very detrimental to the well-being of the person and cost a lot more money to undo once the damage has been done.

Significantly increased support needs of individuals: We are currently supporting individuals as their health deteriorates or as they age, with absolutely no flexibility in budgets to provide the necessary response.

Just one other issue: As part of the transformation agenda, the ministry has been establishing application entities, one for each region of the province. There's no argument with creating a consistent approach to accessing services. However, these application entities or new regional contact points for this area will be located in London, Ontario. The services that will be provided by the application entities are information provision, eligibility determination, intake, determination of support needs, service navigation and direct funding administration. Considering that the majority of individuals who receive supports and services live far below the poverty line—beginning on July 1, 2011, this single access point will be over two hours away for many people in this community. We believe that the implementation of this process will seriously and negatively impact the provincial goal of creating a more responsive and more accessible method of accessing services.

We are supportive of the transformation of services; don't get us wrong. As agencies, we are, however, concerned about how service will be accessed for families in Windsor and Essex county who require presence and knowledge to work with them in a meaningful way.

A few recommendations on these issues: First, new funding must be allocated for additional supports and services to address those most critically in need in our community and those remaining on lengthy waiting lists. Shortfalls cannot be covered on the backs of people and families who've been waiting for services for years.

Additional funding must be allocated to address the significant change in needs of many people who currently receive some small amount of service.

Lastly, the government will be establishing these application entities, shifting the access-to-service mechanism out of Essex county to London in July 2011. It is a very unfortunate move that will make access to service even more challenging for families. At a minimum, local offices with knowledge of local issues and concerns of the people here in Windsor-Essex county need to continue, and resources must be established to give people and families choice and flexibility.

Mr. Xavier Noordermeer: Our next major issue that we'd like to bring to your attention is the whole issue of base budget funding for our organizations. It's imperative that the developmental service sector be adequately fund-

ed to ensure our stability. For too long, we've been the first to bear funding cuts and the last to have funding increases reinstated, if at all.

The following chart that you have in front of you demonstrates the base budget investments received from the province over the last 15 years. From 1994 to 1997, we had a 5% social contract reduction. Over the next seven years, we had 0% base budget increases, followed by seven years of 9.4%. I really wonder if there's any other major sector that has received so little over such an extended period of time.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Xavier Noordermeer: Thank you.

In 2007, after decades of doing without, the province pledged a four-year funding commitment of 2% per year. In 2008-09, the increased community capacity initiative was announced, which required us to increase supports and services with no funding.

The committee will undoubtedly remember from the 2010 consultations that the fourth-year commitment of 2% was not honoured. Therefore, an overall 8% funding commitment actually resulted in only a 5.4% increase. To further complicate matters, we had negotiated labour contracts with our workforces based on the funding promises that we had been given, and it has created quite the financial challenge.

The increased financial pressures being experienced by the province are also being experienced by our sector. We know that costs are rising. If you look at our combined operating budgets in our two agencies, it's approximately \$50 million. Assuming an overall 2% cost-of-living increase per year, we're absorbing an additional \$1 million to our budgets per year, and that really is unsustainable for us. Services definitely are impacted.

The pay-equity legislation is huge for us. Neither of our agencies has achieved full equity. We are looking, for 2010, at an expense of approximately \$250,000, and we appeal to you to help us with our obligation here. The alternative for us is to reduce services.

The two-year wage freeze announced by the province in March 2010 will impact our labour negotiations, which are just beginning. Both our agencies are in the midst of labour negotiations, as will be approximately 100 other service providers in this sector alone throughout the province. Without a resolution to this dilemma, we believe service disruptions will occur and many other impacts that will, frankly, be of serious concern to us, including the picketing of people's homes—people who are supported by our organization.

The Chair (Mr. Pat Hoy): If you would just move to your recommendations, please.

Mr. Xavier Noordermeer: Absolutely. Thank you.

Our recommendations are that the pay equity obligation of service providers for 2010-11 be funded, and we request that base budget increases to the developmental services sector be consistent with base budget increases that have been provided to both health and education.

Thank you for listening to our issues today.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you very much for your presentation.

In your presentation, you stated that wait-lists for supports and services continue to grow, and you mentioned that there are over 400 families that are urgently awaiting supports and services.

Mr. Xavier Noordermeer: That's just adults. That does not include children.

Mr. Norm Miller: How many would it be if it includes children?

Mr. Xavier Noordermeer: I don't actually know, because we primarily support adults. The wait-list that is kept in Windsor and Essex county that we have information on is adults only.

Mr. Norm Miller: So what do those families do as they're awaiting help?

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Mr. Xavier Noordermeer: Many of them struggle. The difficulty that many families have is, they have to quit their jobs in order to support their sons and daughters who are still living at home with them, which just increases the stress level on families. People who can no longer support their sons and daughters at home—many people are ending up in nursing homes and rest homes. There are some horrible situations, without question.

Mr. Norm Miller: So are you finding that the families that you're serving over the last couple of years are having a harder time making ends meet?

Mr. Xavier Noordermeer: Absolutely. We talk about the waiting lists for special services at home—a number of years ago, the waiting list was zero. We're now over 350 in our area. That was at least a little bit of money that families could have to provide supports at home. For many families, that's gone now too.

Mr. Norm Miller: What does that mean in terms of time? How long will they have to wait?

Ms. Nancy Wallace-Gero: I think our experience for some of the more structured services like small group living or the person actually is an adult moving out of their family home—they have to wait until somebody dies who is currently in service before there's actually a vacancy. That is the current situation, because there has been no new funding invested in that. As for special services at home, it's pretty much the same story. People either grow out of the services, for one reason or another, which is very rare in our sector—these are lifelong conditions. There has to be an investment in the additional growth in the sector, the additional need for people to receive these types of services.

Mr. Norm Miller: Otherwise, they could be waiting years for—

Ms. Nancy Wallace-Gero: Oh, for sure.

Mr. Xavier Noordermeer: Absolutely. And can you imagine a senior family, which we talked about, in their eighties and nineties, going to their deathbed not

knowing what's going to happen to their son or daughter? I couldn't imagine anything worse.

Mr. Norm Miller: You mentioned this new application entity. Is this making it harder for families to access services?

Ms. Nancy Wallace-Gero: We support the need for a more consistent approach to accessing services that can be fair and equitable. That isn't really the argument. The argument is taking it out of our local community. The people we support—many of the families do not have the resources to travel—

Mr. Norm Miller: They have to travel two hours to where this centre—

Ms. Nancy Wallace-Gero: We don't know the whole story yet, but—we are certain, because a service provider in London has already been appointed by the ministry to be the application entity. There is no presence of that service provider here in Windsor-Essex county. So we fear that families will have to communicate with someone in London who won't understand the uniqueness—there have been so many things that have happened here in Windsor-Essex county that are so different from London in terms of the economy and the impact of that on families. We have to recognize those things in the work we do.

Mr. Norm Miller: So, even if it's not intentional, there could end up being barriers because of the distance and time and the people in London not knowing the unique situation here in Windsor—

Ms. Nancy Wallace-Gero: Families know who we are. They come to our doors every day. They talk to us and we talk to them. We try and do the best we can. By moving this out of our community, it takes that away. It says to families—and I'm not even sure how families are going to know about this. It's all very confusing to us, really, at this point.

Mr. Norm Miller: You mentioned the picketing of people's group homes.

Mr. Xavier Noordermeer: Correct.

Mr. Norm Miller: I note that there's a private member's bill that would ban the picketing of homes. Do you support that?

Mr. Xavier Noordermeer: Absolutely.

Ms. Nancy Wallace-Gero: Absolutely. It's the only sector we'd be aware of—it's the only people in our community of Ontario who would ever have their personal homes picketed. It just doesn't even make sense.

Mr. Xavier Noordermeer: You think of your home as your refuge. At the very least, that should be a place where you could go and not be subjected to—have people picketing in front of your home.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Nancy Wallace-Gero: Thank you very much.

ONTARIO ASSOCIATION OF OPTOMETRISTS

The Chair (Mr. Pat Hoy): Now I call on the Ontario Association of Optometrists to come forward, please. Good morning. As I think you know, you have 10 minutes for your presentation. There could be five minutes of questioning, coming from the NDP in this round. Just state your names for our Hansard, and you can begin.

Dr. John Mastronardi: Right. Thank you. I'm John Mastronardi, and I'm an optometrist practising here in Windsor and LaSalle. I am the current president of the Ontario Association of Optometrists. With me today is our executive director, Barbara Wattie Fuller.

Ms. Barbara Wattie Fuller: Good morning.

Dr. John Mastronardi: On behalf of myself as a local health care provider and the Ontario association, I'm pleased to provide input today to the committee's 2011 pre-budget consultations.

Optometrists are primary eye care doctors. We are educated and trained and provide the best standards of comprehensive eye care, which includes assessing and reviewing overall eye health and vision function.

I'm sure the standing committee will be inundated with numbers. We decided to focus on three figures that we believe should be important to this government.

The first figure is 46 cents. According to the provincial government, 46 cents of every dollar currently spent today goes towards health care. In 12 years, that projection could be as high as 70 cents. Clearly, this spending pattern is not sustainable, especially when one considers how many other important programs and areas government must fund, including education, transportation and the environment, to name a few.

The second figure is 69%. Sixty-nine per cent represents the increase in the number of Ontarians living with diabetes over the past 10 years. In Ontario today, more than one million people are living with this chronic and potentially deadly disease.

The final figure is 80%. Studies have shown that 80% of all learning during a child's first 12 years comes directly through vision, yet in Ontario, a mere 7%—and I apologize; in your notes, there's a misprint saying 17%. Only 7% of children are receiving a comprehensive eye exam before they enter school, despite the fact that an annual examination is insured by OHIP for children under 19 years of age.

With these three figures as our guide, I'd like to offer the following recommendations on the provincial government's budget and fiscal direction in 2011 and beyond.

First, when it comes to provincial government spending, there's no doubt that government must find ways to spend smarter on health care without negatively affecting patient care and outcomes.

When one looks at the annual spending on OHIP-insured services that focus on detecting and diagnosing eye diseases and conditions promoting health that

optometrists provide, it becomes clear that optometry services in this province are really a bargain. Put differently, the services we provide are a high-value investment. This is because regular comprehensive eye examinations for children, seniors and adults with sight-threatening conditions such as diabetes, glaucoma and macular degeneration pay major dividends to the government and society by keeping those who fall in these categories healthier and out of more expensive areas of the health care system, like hospitals and offices of physician specialists.

I've included some frightening statistics that were published by the Canadian National Institute for the Blind just recently: One Canadian loses their vision every 12 minutes; 65% of working-age Canadians with vision loss are unemployed; half live on an income of \$20,000 a year or less; in 2007, vision loss had the highest direct health care costs of any disease; and the cost of vision loss, factoring in disability, benefits, treatments and care, is estimated at \$15.8 billion per year.

They go on to provide a breakdown of who pays for these costs: 15% is the federal government; 40% is the provincial governments and health system expenditures; 22% is on the individuals with the loss; 3% is on their family and friends; and 19% is on society.

Probably the most important and hopeful statistic to take away is that 75% of vision loss is treatable or preventable. Ontario optometrists have done their part to help the Ontario government address the escalation in health care expenditures recently. The last OHIP funding agreement for optometric services expired over a year ago, and at that time we agreed to defer negotiations on a new funding agreement by a year.

The costs of delivering eye care to patients continue to rise, with increases in wages, rents and diagnostic technologies, and as our population ages, chair time per patient is expected to increase dramatically.

Given the cost pressures facing the government, it's important for both sides to develop broad proposals that have at their core a commitment to ensuring continued access to publicly insured services for patients.

We're asking the Ontario government to make a commitment to invest in primary eye care and ensure that optometrists continue to provide preventive care as baby boomers begin to enter their senior years.

The explosive proliferation of diabetes throughout Ontario over the past 10 years has presented major challenges for the provincial government and our health care system. These challenges once again are expected to escalate as the boomers age and become more dependent on the health care system.

In its two reports, the Ontario Health Quality Council expressed concern about the state of monitoring of diabetes conditions in the province. In 2010, a report claimed that only half of diabetic patients get regular eye and foot exams; all should be receiving these exams. While I cannot speak to the foot exams, I can report that optometric services provided to persons with diabetes have increased by 67% over the past three years, but still,

only a fraction of Ontarians with diabetes seek routine eye care.

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Providing services to people with diabetes is a major focus of the optometric practices across the province. In 2009, our association worked collaboratively with the Ontario Medical Association section on ophthalmology to develop guidelines on collaborative management of persons with diabetes. The goal of these guidelines is to coordinate services of ophthalmologists, optometrists and family physicians in the management of patients with diabetes, thereby ensuring the most effective use of these professionals in the interests of patient safety, quality of care, accessibility and cost-effectiveness.

We support the call to ensure that more people with diabetes receive the health care services they need to enable them to better manage their disease. Family physicians continue to underutilize optometrists and often elect to send newly diagnosed diabetic patients to overburdened ophthalmologists, who would often prefer to spend their time in the operating room. Such referral patterns cost the system a 50% premium in cost for services.

We are asking the government to integrate optometrists in the further development and evolution of the provincial diabetes strategy. We are perfectly positioned to make a more systemic impact in addressing the needs of people with diabetes if we are brought into the policy-making decision process and made a true partner.

Lastly, in the area of children's vision, I'd like to also begin with a few statistics. Again, the CNIB report shows that only 45% of children with vision loss graduate from high school. Good vision is an important part of learning. Some 80% of classroom learning is done through the eyes. One in six children has some form of vision problem. Children with poor vision often find it difficult to focus on their work and may be misdiagnosed as having learning or behavioural disabilities. Good vision is vital to developing skills such as reading, copying and hand-eye coordination.

The government has an opportunity here to make a significant impact on the lives of children and their parents at very little cost. In 2009, our association implemented a multi-stakeholder pilot program called the Eye See...Eye Learn pilot project in Hamilton-Wentworth schools. The project was to raise awareness among parents of the importance of comprehensive eye examinations for children entering kindergarten. This year, the program extended to four more school boards, including Windsor-Essex. Today, the OAO-led program involves teachers, principals, school boards, parents, public health nurses, early childhood service providers, local optometrists and optical lens and frame manufacturers, all working together to give our youngest students the opportunity to reach their full potential by seeing clearly in the classroom and in everyday life.

Under the program, children who require corrective lenses are provided eyeglasses free of charge. The pro-

gram has its roots in Alberta, where, after being piloted in one school board in 2003 for one year, the provincial government is now a major funding partner in the province-wide program. We are asking this government to work with us to determine opportunities to expand this program on a province-wide basis.

I want to thank you this morning for your time. I look forward to addressing any questions that the committee members may have.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Thank you very much for coming in this morning and making the presentation. Can you tell us a bit more about that Alberta program and what the results were such that the Alberta government came in behind the program to expand it?

Dr. John Mastronardi: Yes. Initially the results were very similar, that less than 10% of children were getting their vision tested before starting school. The pilot project showed that they were able to increase that number to over 50% of children to get diagnosed early enough. It became very well received by the parents and the schools. The word spread very quickly, and other communities were asking about the program without it expanding and it kind of took on a life of its own. There were some advocates within the government for children's vision who thought it was a worthwhile project to help promote materials required to get the message out to parents.

Mr. Peter Tabuns: In any program that's brought forward, there will be costs. Clearly, if there are children who are performing better in school or who have early eye disease identified, there is some benefit. Were those benefits quantified in Alberta at the end of that pilot program?

Dr. John Mastronardi: That's an excellent question. I don't know that they were. I can provide that to you, if I can—

Mr. Peter Tabuns: If you can provide it to the committee through the clerk, that would be great.

Dr. John Mastronardi: Yes, we will get it. Absolutely, we'll get what the findings were, for sure. But it was definitely worthwhile that they jumped in on it.

Mr. Peter Tabuns: The second question, then, is about diabetes. Diabetes has impacts throughout the body's system. Can you tell us a bit about the percentage of people with diabetes who go on to have vision problems and the interventions that you, through examination, can generate?

Dr. John Mastronardi: Blood sugar control is the biggest indicator of whether they will go on to have vision loss or not. We're seeing a lot of patients come in who routinely don't know what their A1C readings are. I ask it on a daily basis, and I'll be surprised if 10% of them know what their A1C readings are.

The younger they're diagnosed, the more likely that we're going to see complications. I believe all patients over 15 years with diabetes will show some form of retinopathy.

In the early stages there are no signs or symptoms for the patient. We'll often detect it during a routine examination; we'll take a look in the retina and see mild forms of hemorrhaging. That's an indicator that the blood vessels are being damaged and that impending blindness can be on the way. Unfortunately, too often we get the calls from our diabetics, calls sounding something like, "Everything was fine, until this morning at 10:30 everything went black."

By the time we get those phone calls, it's too late, so we need to see these patients beforehand. There are treatments available. When it reaches a certain level—again, the patient may be completely asymptomatic—there are injection treatments and laser treatments that ophthalmologists can provide to prevent these conditions from progressing, but they're only effective before the damage has occurred.

Mr. Peter Tabuns: And are there any jurisdictions in North America—aside from this Alberta project, for which I look forward to seeing the numbers—or western Europe where they have far more aggressive screening and early intervention?

Dr. John Mastronardi: For diabetics?

Mr. Peter Tabuns: Well, for diabetics, for children. You're talking about a very large-scale, proactive program to pick up damage and correct it early. One would think that there would be a fair amount to be saved by doing that.

Dr. John Mastronardi: Absolutely.

Mr. Peter Tabuns: I'm curious as to whether or not other jurisdictions have already done that, and if they have stats showing the impact.

Dr. John Mastronardi: Again, I don't have any type of stats like that handy on me, but again, we will add that to our list to provide, because these studies are out there. I think it's well-known and accepted that, again, preventive care and early interventional treatments reduce the risk, but to quantify in terms of numbers, we will be able to produce that.

Mr. Peter Tabuns: Set the numbers aside for a moment. Are there other jurisdictions that are doing this kind of large-scale screening work to enable prevention?

Dr. John Mastronardi: So far as I know, every province has got a children's initiative under way similar to the Alberta project. Every province is currently working with that.

In terms of diabetes initiatives, I don't know that any province specifically has an initiative, but Ontario has made that a high priority, not just in eye care but in management of diabetes, because we know the impending costs.

Mr. Peter Tabuns: Thank you very much. I have no further questions.

The Chair (Mr. Pat Hoy): Thank you.

If you do provide additional information, send it to our clerk and she'll make sure every member of the committee gets to read through it.

Dr. John Mastronardi: Right. Thank you again, everybody.

LEGAL ASSISTANCE OF WINDSOR

The Chair (Mr. Pat Hoy): Now I call on Legal Assistance of Windsor to come forward, please.

Good morning. I noted you've been sitting there. You've probably realized that you have 10 minutes and there could be up to five minutes of questioning, this time coming from the government. If you'd just state your name, you can begin.

Ms. Marion Overholt: Good morning. My name is Marion Overholt. I am a staff lawyer with Legal Assistance of Windsor. Our poverty law clinic has served low-income residents of Windsor and Essex county for the past 37 years. It is my pleasure to present to you this morning and to share some of the concerns for our community.

I know the Ontario government faces significant challenges in the upcoming budget and that your task is not an easy one. The last time that your committee was here was in December 2008, when we were in the midst of a massive job loss. The region was experiencing an economic downturn, especially in the automotive industry, which has had an adverse effect on workers in feeder plants, seasonal operation, small businesses and those already receiving social assistance. The layoffs in the automotive industry, which provided employment for 30% of our workforce, have produced further economic instability.

While it is tempting to bury you in statistics about the increase of food bank usage, housing wait-lists and the sort, the one statistic that I want to focus on now is that our Ontario Works caseload has risen 30% since 2008.

1020

In previous recessions, Windsor often led the way into the recession and out into recovery. However, this time, given the massive structural changes to our industry, we may not be in the lead on the way out. We remain the unemployment capital of Canada, and our rate of unemployment of 10.8% reflects only those who are actively looking for work and not those who have given up.

We know the Ontario government is facing financial restraints because of the downturn in the economy and that that has affected your revenues; however, our first suggestion really is revenue-neutral—or, in fact, perhaps it would save the Ontario government substantial savings in Ontario Works and Employment Ontario programs. That solution is to obtain the equitable revision of the Employment Insurance Act, which is funded by workers and employers and administered by the federal government.

The Mowat Centre for Policy Innovation has effectively demonstrated that Ontario residents receive less in EI benefits and fewer retraining dollars than other regions in Canada. Now is the time for all parties in the Ontario government to stand united to seek a more equitable unemployment insurance system. Unlike Newfoundland and New Brunswick, where nine out of 10

unemployed people qualify for insurance, in Ontario only 40% of its jobless collect EI.

When we look at retraining, again Ontario did not get its fair share. While the federal government, through EI part two, spent an average of \$1,442.70 on training per unemployed person in Ontario, an average of \$2,249 was spent on unemployed people in the rest of Canada, a figure which shows more than double was spent than what should have been spent in Ontario.

In an earlier presentation, there was a question about what the retraining goals were, and there is a statistic that I brought with me that shows that 72% of those who are not participating in the workforce in Windsor and Essex county have at least a high school diploma or better. Therefore, because of the underfunding in retraining, it is incredibly important—because the structural change in our economy means that more than ever, retraining is a necessary step in the path to re-employment and restoration of our taxpayer base.

The difference between the EI rate and social assistance can be substantial. If you're not able to muster your considerable influence to change the formula to obtain a fair deal for Ontario residents, then you must be obliged to accelerate social assistance reform and living wage reform, otherwise your health care costs will continue to spiral and consume even a larger part of your budget expenditures.

Countless studies have shown that poor people have poorer health and make greater use of the health care system. The poorest 20% of Canadians are responsible for 30% of all publicly funded health expenditures. While we applaud the Ontario government's announcement of a comprehensive social assistance review, the need for immediate improvement to the rates of social assistance and minimum wage is overwhelmingly apparent.

When I started in the clinic system back in 1988, the last comprehensive review was released. The vision of the Transitions report is still laudable. The objective was to achieve the following: that "all people in Ontario are entitled to an equal assurance of life opportunities in a society that is based on fairness, shared responsibility, and personal dignity for all." Since its release in 1988, although all three political parties had an opportunity to implement it, no one did. In Canada today we have more income inequality than we did then.

The impact on Canada's social fabric is huge and likely to grow. Recent research shows that less equal societies almost always have more violence, more disease, more mental health problems, higher infant mortality rates and reduced life expectancies, as well as less social cohesion. The effects are most pronounced at the bottom, but are evident throughout the society. The ability to extend life opportunities to all people in Ontario is in your hands.

Consider this report from the Unemployed Help Centre in Windsor. One of the continuing needs of our food bank clients with infants and small children is diapers and formula. Many people do not realize that diapers and formula are basic necessities for babies, much like food

and shelter. In these tough economic times, when people have lost their jobs or are relying on one or more part-time jobs without benefits to get by, making a decision between paying a utility bill or buying diapers and formula for their baby is often a reality, and it places a huge burden on parents.

In 2009, we had 909 baby visits to our food bank. In 2010, that had increased to 1,066 baby visits. The failure to increase social assistance rates and minimum wage will result in lost opportunity for those children to thrive and perhaps survive. Their participation in our community will be constrained by the poverty they are experiencing in these early years of their development. That is a completely avoidable moral hazard.

So although it is an election year, we encourage this committee to rise above the fray and speak to the economic needs of its growing poor, for their cause needs to be championed like never before. Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for the submission. The questioning will go to Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Marion, for being here. We really appreciate your comments.

I did also want to commend another local member. I started in my last introduction with commending the local members, and of course, I don't want to overlook the member from Chatham-Kent-Essex, who's a great champion and a hard worker. And it's Pat Hoy, our Chair, so it sets it up nicely.

You talked about an increased caseload. I didn't catch the number, but it was quite a significant increase in your caseload. You talked about revising the Employment Insurance Act, retraining, the rates of social assistance—and my colleague Kevin Flynn is going to ask a specific question about that. But if you could give us some guidance, what would you say would be the number one first step that the government could take in this area? And you've certainly covered a lot of material.

Ms. Marion Overholt: I think when you look at who is poor in the province of Ontario, we legislate poverty in Ontario with our rates of social assistance and minimum wage. But someone working in a minimum-wage job is not earning enough money in order to adequately provide for their families. It's the same thing with social assistance.

I brought with me today my law students, who are interning at a clinic this term. Part of what I explained to them was that when we have done our very best work at our legal clinic in terms of obtaining the best benefit that a client can receive, they are still receiving income that is way below the poverty line. So we have a situation where because their finances are not enough, if we're able to avoid a termination of a tenancy for non-payment of rent one month, maybe three months later they're going to be back because they've had another expense that they're not able to budget for, and then they're constantly in arrears. So when we look at the kinds of programs that have been put in place—the rent bank program you can access once every two years. We know people are falling

into arrears on rent more often than once every two years, and when you look at the statistics, only 9% of our rental accommodation is affordable for people on social assistance and minimum wage. Really, addressing those two issues is key to helping people rise up out of poverty.

Ms. Leanna Pendergast: Excellent. Thank you. It's an excellent segue into Mr. Flynn's question.

Mr. Kevin Daniel Flynn: Thank you. I enjoyed your presentation.

The first part I got was that we should demand that the Harper government treat Ontarians the same way that they treat people in other provinces when it comes to unemployment, and that should transcend all party lines. We, as legislators, should be saying that Ontarians need to be treated the same way as any other Canadian when it comes to that.

You also got into a discussion with us on the impact of minimum wage. Earlier today, in I think the first presentation of the day, we were talking about things like youth unemployment. The inference was—it was suggested by the other side of the table, perhaps—that minimum wage is an impediment to increased employment amongst young people. Yet I got from your remarks that, despite the fact that this government's increased it on a regular basis, in your opinion, it may not be a living wage and it may be too low. Do you have any comments on that?

1030

Ms. Marion Overholt: I absolutely do. I'm so glad you asked me that. I actually sit on the Windsor-Essex workforce development board, so we're going to have a greater discussion about minimum wage.

Mr. Kevin Daniel Flynn: Well, that was those folks.

Ms. Marion Overholt: Yes, I know; I was here.

Part of what happens, I think, is that when people look at minimum wage, when you look at what is fully paid out, if you're working at a full-time job on minimum wage, you're still not getting enough money so that you can provide for yourself—your shelter, your transportation, those kinds of costs.

I think what your government did in addressing the fact that minimum wage had not been addressed by previous administrations is that you brought in incremental increases. When those incremental increases were announced, there was concern about what was going to be the impact actually on employment. But the way it was introduced was such that businesses had an opportunity to adjust to those increases. What I'm saying to you is, those increases need to continue as you did before, because the current rate is not enough to adequately look after people's expenses.

Of particular concern is that when you look at the restoration of jobs in our economy, a lot of those jobs are on a part-time basis. So if you have somebody working minimum wage on a part-time basis, they're often having to combine two or three jobs in order to get by. It's very piecemeal and very stressful, particularly for youth. You've had kind of a phenomenon of youth moving back into their parents' homes, where that's available to them,

because they're not able to successfully transition to independent living, and that's because of the rate of pay that they're receiving.

I think that part of government responsibility is to set those kinds of minimum standards, so I would really encourage this government to go back and look at the rate of minimum wage, to look at bringing forth those increases that are going to be necessary.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

HERON TERRACE LONG-TERM CARE COMMUNITY

The Chair (Mr. Pat Hoy): Now I call on Heron Terrace Long-Term Care Community. Good morning. You have 10 minutes for your presentation. There could be five minutes of questioning coming from the official opposition in this case. Just state your name and you can begin.

Ms. Linda LaBute: My name is Linda LaBute. I'm the administrator of the Heron Terrace Long-Term Care Community in Windsor.

Our home is a 140-bed private home that is part of the Steeves and Rozema group of homes in southwestern Ontario. Our home was constructed in 2003 and is an A standard. We employ approximately 190 staff. We have a 24-hour service, so the staffing includes a full-time, part-time and casual pool. We are part of the Erie St. Clair LHIN, and we're a member of the Ontario Long Term Care Association. The OLTCA represents over two thirds of Ontario's long-term-care homes, which covers the full spectrum of not-for-profit, municipal, charitable and private sector homes.

The Chair (Mr. Pat Hoy): Can you speak into the mike a little bit more?

Ms. Linda LaBute: Okay. Is that a little better?

The Chair (Mr. Pat Hoy): That's improved.

Ms. Linda LaBute: Okay.

Today I'm here to seek your support to ensure that homes like mine will be able to continue to provide high-quality care and accommodation and to help maintain access to long-term care for all Ontarians.

Not only do we provide high-quality care in a home-like environment, but we also provide a rich assortment of programming, which is activities for our residents. To keep doing what we do every day, we depend on a team of nurses, personal support workers, life enrichment workers, food service workers, laundry and housekeeping staff, maintenance personnel and numerous others, all of whom provide care and services to our residents in a home-like environment.

Allow me to just give you some flavour of Heron Terrace. We have rooms that are pre-wired for computer, Internet and TV hook-ups; personalized and group exercise programs for our residents; physician services; a 24-hour registered nurse on site; tasty, healthy meals, snacks and beverages, all planned by trained nutritionists who carefully plan menus taking into account the dietary

needs of our residents. We have separate dining areas for meals with family. We have videoconferencing to visit with relatives over the Internet—and we do have a resident who talks to her family in Africa. A transportation van enables people to have off-site excursions; we have four or five a month. We have a resident council and a family council to give our residents and their families a voice in care decisions and a greatly increased role in providing input into decision-making at the home at an operational level. We have a chapel, library, beauty salon, gift shop, café and a family apartment where families can stay for routine visits or in times of crisis for residents.

Some of the activities we do provide for our residents are bingo and Pokeno, which is a card game much loved by our residents. We have pottery classes, music therapy, breakfast club, a variety of musical entertainment, sensory stimulation programs, Wii games such as bowling, and community events. Community events are often held at our home. We had an agility demonstration. We have choirs and dance groups, and the Windsor symphony string quartet performs at our home. We also provide a variety of spiritual programming, including church services and pastoral support.

I don't want to bore you with too many lists, but I just wanted you to have some kind of flavour of what services we provide.

My residents are like many others in the province. A significant percentage have a psychiatric disorder, Alzheimer's or other forms of dementia.

There is also an increasing number of younger residents, and we've had a resident as young as 19 in our home. This group of residents may have an acquired brain injury or a developmental delay disorder as well as a physical disability and a psychiatric diagnosis. Their needs differ from the needs of the majority of the resident population. Our funding is based on a geriatric model, and this group of young residents requires a very different model of care and often a different skill set. They certainly require more time to meet their psychosocial and physical needs.

Many of our residents are incontinent. At Heron Terrace, it's 93%, which is not untypical for nursing homes. They require staff to assist with toileting. Many require assistance with dressing and personal care. Many also require help with eating. Residents today have increasingly complex needs, and many are admitted to our home with multiple diagnoses.

Also, as a reflection of our society—everyone hears lots about morbidity, overweight. A large percentage of the population is overweight. This is reflected in the number of residents who have those special needs in our home. Meeting those residents' needs requires extra time, extra staffing and very specialized equipment. This equipment for that particular group of residents can cost up to twice as much. For instance, a bed for someone who is morbidly obese could cost up to \$12,000.

The year 2010 was a very busy one for Heron Terrace. We had to become familiar with and implement a new

Long-Term Care Homes Act and its regulations as well as the contents of a new long-term-care service accountability agreement. We continue to learn and implement the resident assessment tool and to educate our staff about Residents First, which is a major new ministry quality initiative. Please be assured that we are committed to providing a quality service, but the additional burden of implementing all of the new service and reporting requirements has exacerbated a funding gap that has existed for the past many years.

I am very concerned about my team. We do not have sufficient ongoing funding to pay for the regulation that increased the food service worker hours by 0.03% per week and an increase in the nutrition manager to change the staffing ratio to 1 to 25 residents from 1 to 30 residents. Although, of course, I support these changes because they will enable an even higher quality of care for my residents, they must be funded. Without a guarantee of funding for these additional regulations by law, it will come at the expense of other critical members of my team such as my housekeeping, laundry and maintenance staff. Without these valued staff members, there will be an increased number of infections, outbreaks and emergency room transfers. Residents will be affected. We cannot continue to deliver high-quality care without adequate funding, and we are requesting that the government fully fund the cost of implementing the Long-Term Care Homes Act and continue to fund an acuity adjustment across all envelopes so that we can maintain a team that cares for our residents.

1040

The province annually adjusts direct care funding to homes by approximately 2% to support care delivery and stabilize staffing levels. Without this adjustment, homes have no capacity to offset arbitrated wage settlements or manage the normal acuity-driven fluctuations to their care funding base.

Also, we are requesting funding for the unprecedented 17% increase in WSIB costs that were implemented as of January 1. In health care, there certainly is an aging workforce, and these incidents increase.

We're also requesting funding for the increased cost of hydro, other utilities and service contracts that I now have as a result of the harmonized sales tax.

The new Long-Term Care Homes Act is putting increased pressure on homes to admit residents with much more complex medical conditions, increased behavioural issues and higher infection control risks. Without adequate funding, staffing levels decrease, and service will deteriorate. For a 100-bed home in Ontario, the job losses could be five full-time equivalents, which could translate across the sector as up to 3,500 full-time equivalents.

On \$110 a day in funding from the government, we've been providing a high quality of care, exciting programming and nutritious meals, all in a home-like environment. We provide great value for money, but we are challenged to continue to do so. We're in critical risk of slipping backwards to the detriment of both residents'

care and those who need access to hospital services, and this budget can prevent this outcome.

I'd be very happy to welcome you to Heron Terrace at any time to see the great work that we do, to visit with our residents and our families and to meet our very committed employees. Today, I seek your support to ensure that long-term-care residents in my community do not see their care and service levels decline in the wake of this budget and that homes are not forced to place more demands on already overburdened hospitals and emergency rooms.

I'd be happy to answer any questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you very much for your presentation. You give a very good description of Heron Terrace. I know there are some members of this committee who like to bowl, so I could see their ears perk up when you talked about Wii bowling.

I have lots of questions, but towards the end of your submission, you talked about a 17% increase in WSIB costs. Were you consulted about that ahead of time or warned about it?

Ms. Linda LaBute: No.

Mr. Norm Miller: Were you given an explanation as to why you're at higher risk now?

Ms. Linda LaBute: I think that's across the board. I think they've made some changes in their operation. I think they've extended the length by a year, and we have to carry the burden of some of the costs. They've extended the time. And there are more claims across the province.

Mr. Norm Miller: So if you weren't expecting the 17% increase, then how do you budget for it, and how do you account for it? Where do you find the money to pay for it?

Ms. Linda LaBute: That's the whole core of my presentation: It's very difficult.

Mr. Norm Miller: Essentially, if most of your funding—I guess you get some funding from residents, some from government. But if you get a big increase in cost like that, it has to come out of your operations somehow.

Ms. Linda LaBute: The operational budget, basically.

Mr. Norm Miller: You have to cut back in housekeepers or care or something.

Ms. Linda LaBute: And that's our concern about presenting a team approach here, because housekeeping is essential. Certainly, everyone is hugely concerned about infection control. With poor housekeeping, it isn't just a visual problem; it's a very real infection control problem if we don't have sufficient housekeeping. And it's very hard for us to function without laundry services. They are critical services to the home.

Mr. Norm Miller: You talked about complying with the new assessment tool and the new long-term-care act. Is it costing you more time to comply with those regulations?

Ms. Linda LaBute: It certainly is more costly in time. For instance, one small example is, there are now up to six programs that the ministry insists that we provide mandatory training for. That's mandatory training for 190 staff for six programs a year. We have to pay staff to attend mandatory training, so that alone is a huge cost.

Mr. Norm Miller: And what does that end up meaning for your residents, if it's more difficult to comply with the regulations?

Ms. Linda LaBute: We struggle. There is an increased burden on the staff. There are health issues; there are burnout issues. Ultimately, everything else has to come out of the operational budget, so something else will be cut somewhere if we can't meet those.

Mr. Norm Miller: You also mentioned the effect of the HST. Has that had a negative effect on your operation?

Ms. Linda LaBute: Huge.

Mr. Norm Miller: Can you talk about that?

Ms. Linda LaBute: The hydro costs have obviously gone up everywhere, and we're no different.

Mr. Norm Miller: How much have your hydro costs gone up?

Ms. Linda LaBute: I don't know. Sorry, I don't have that off the top of my head. I'm happy to provide it to you if you want. Really, there were many things that were excluded from sales tax until the harmonized sales tax came in, so we're looking at an extra 5%, perhaps, on many goods and services.

Mr. Norm Miller: Just so I'm clear: It's an extra 5% cost for you that you didn't have before? It's not benefiting your business or your operations.

Ms. Linda LaBute: Oh, no, no.

Mr. Norm Miller: It's costing you 5% more. I have many more questions, but I know Mr. Barrett also would like to ask a question.

Mr. Toby Barrett: You mentioned \$110 a day in funding. You're a private home and I know you were built in 2003. So many, public and municipal, were built at the same time. Does every home receive \$110 funding a day, and is that the sole funding that you have?

Ms. Linda LaBute: It's a basic format. Some of our funding depends on the acuity level of our residents, and one of the things I mentioned was the resident assessment tool. Some of our ministry funding depends on how the needs of our residents are assessed, but we certainly have no extra funding.

Mr. Toby Barrett: So that \$110 applies to basically every single long-term-care patient in Ontario, no matter where they are? Is that what it is?

Ms. Linda LaBute: Plus or minus a bit. There are some homes, not-for-profit charitable homes and municipal homes, which would have some funding from other sources that we would not have available.

Mr. Toby Barrett: From the municipal taxpayer, would it be?

Ms. Linda LaBute: Yes. Charitable homes would have, obviously, their own funding sources.

Mr. Toby Barrett: Okay, thank you.

The Chair (Mr. Pat Hoy): Thank you, and thank you for the presentation.

ASSOCIATION FOR PERSONS WITH
PHYSICAL DISABILITIES OF WINDSOR
AND ESSEX COUNTY

The Chair (Mr. Pat Hoy): Now I call on the Association for Persons with Physical Disabilities of Windsor and Essex County. Good morning. You have 10 minutes for your presentation. There could be five minutes of questioning and it will come from Mr. Tabuns of the NDP.

If you're going to be speaking, state your name for our recording Hansard and then we'll have your names. Thanks. Go ahead.

Ms. Tina Beneteau: Hi, I'm Tina Beneteau, director of service and operations for the Association for Persons with Physical Disabilities.

Mr. John Boyko: My name is John Boyko and I'm with the Canadian Paraplegic Association. I am a peer support coordinator working with people with disabilities.

Ms. Tina Beneteau: To my right are Gord Gervais and his personal care attendant, Amy Fram.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Tina Beneteau: We're here to propose a plan that would have more chronically ventilated people out of hospital and living in the community. My organization has had a successful experience with this venture and I thank you for the opportunity to share it.

1050

Gord has lived in an APPD supportive housing site for 20 years, after an injury left him a quadriplegic. Gord was very active in the community. He was always on the go: shopping, out and about. He also attended our local college and was employed.

In January 2009, Gord had a bout of aspiration pneumonia that left him requiring a ventilator to be able to breathe for the rest of his life. Gord was in the ICU at Met hospital for over seven months and was unable to return home.

The road was not easy in order to be able to return him to the community. It required extensive training of our staff here at the hospital; we also utilized West Park. We rely on the support of our community partners, which includes CCAC and ProResp.

At home, Gord has a staff member assigned to his care 24 hours a day. He's able to get out of bed when he chooses, watch TV, wheel around the building, go outside in the summer and socialize with his friends. Gord's family can easily visit him in the privacy of his own apartment. Additionally, Gord's risk of secondary illness is greatly reduced outside of the hospital confines.

Gord is only able to attend today because he resides in the community. If he resided in the hospital, there would be no opportunity to leave, as the need for trained staff would ground him. No one should have to call a hospital

a home. It's a great place if you're sick, but not to live your life.

The cost for caring for Gord in his own home is marginal compared to if he were to live in the hospital. Community-based living has a cost that is roughly one third of the cost of hospital-based care. With that being said, the savings have not trickled down to our APPD budget. In fact, we have not received any additional funding to help offset the cost of additional staffing for Gord.

In closing, we urge you to consider developing a community-based, province-wide respiratory outreach program.

Mr. John Boyko: We're going to have a very short presentation here.

We are requesting resources to work with experts in Ontario to develop and implement a province-wide, community-based respiratory outreach program that is evidence-based and provides a higher quality of life for people with disabilities and who require assistance with breathing, at a significant lower cost. According to the Ministry of Health statistics, we can save the government \$50 million a year by developing this service and providing the ability for these Ontarians to live at home in the community of their choice.

Thank you very much, and we'll field any questions.

The Chair (Mr. Pat Hoy): Very good, and the questioning will go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Thank you all very much for coming. I really appreciate it.

I want to go back to your statement. Did I hear savings of \$50 million per year?

Mr. John Boyko: That's correct.

Mr. Peter Tabuns: And can you tell me where I can find that number in the documentation that backs it up?

Mr. John Boyko: We did have a three-page handout. There's a little chart there, and basically it indicates what the costs are for someone living in an intensive care unit. When you look at the cost savings by getting them back into the community, that's where that figure will come from.

Mr. Peter Tabuns: So how many people in total in Ontario are currently in hospital who could be in the community?

Mr. John Boyko: We have about—this chart was based on 27 people, but the estimate continues to go up. There are other estimates of well over 100 people who are living in hospitals in Ontario.

Mr. Peter Tabuns: Okay. And why is the cost difference so great?

Mr. John Boyko: It's just a matter of dollars and cents. When you're in a hospital environment, the cost is so much higher. When you go back to the community, the cost could go down 60% because of the lower cost of care. There isn't the specialized need, as there is in a hospital.

Mr. Peter Tabuns: If I understand it correctly, then, there's enough technology and knowledge that you don't have to be in an ICU to get 24-hour breathing support.

You can be in your own home and get the right technology and the right support to keep you going.

Mr. John Boyko: Gord, the person to my right, is a perfect example of somebody living in the community and living an active life, as opposed to being in a hospital and staying in that hospital. If Gord was in the hospital right now, he would not have been able to come to this meeting. There were not supports for him to do that.

Mr. Peter Tabuns: And what response have you gotten from the Ministry of Health when you've said to them, "There's an opportunity here to let people lead a much more normal life"—living in a hospital, I agree with you, is not my favourite way to spend time—"and save money at the same time"? How do they come back to you?

Mr. John Boyko: That's a good question. I don't know. We work with experts who have dealt with that, and that's something that's beyond my scope.

Ms. Tina Beneteau: Actually, if you refer to the handout that is with the letter, on the first page it says the facts and it indicates that in 2007, there were recommendations from the chronic ventilation strategy force to invest the money, but none of that has come forward. In 2008, they had presented the five major priorities again; however, it still has not been implemented.

Mr. Peter Tabuns: Well, I don't have further questions, Mr. Chair. I think you've made your case very strongly and I appreciate you taking the time.

Mr. John Boyko: Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

ST. CLAIR COLLEGE

The Chair (Mr. Pat Hoy): Now I call on St. Clair College to come forward, please.

Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning; in this round it will come from the government. We'd just ask you to identify yourselves for our recording Hansard. You can begin.

Mr. John Strasser: Thank you. Good morning and welcome to Windsor. My name is John Strasser and I am the president of St. Clair College. I have with me today Dolph Barsanti, who is our chief financial officer for St. Clair College.

Before I begin, I'd like to take the opportunity to thank your chair, Mr. Pat Hoy, for his service to the province and to this community. We wish him many years of health and happiness in his retirement. Thank you, Pat.

Let me begin by first thanking the government of Ontario for its concerted, logical approach to improving the paths for post-secondary education for all of the students in Ontario. The colleges in Ontario are better positioned today, on January 25, 2011, at the end of the first decade of a new century, to ensure the success of our students than they have been at any time since the turn of the millennium.

We've included two pieces of information for your later perusal. We've attached a formal presentation from the colleges in Ontario that cover a wide spectrum of concerns, and it is that white, stapled collection of papers that you have. We've also included for your review the 29 recommendations made by St. Clair College in December 2004 to the Rae review on post-secondary education in Ontario.

The summary point to both of those pieces of documentation is that Ontario colleges are still funded below the level of high schools or universities in Ontario and are at the lowest per-student funding level in the country. Those points are not logical, they're not defensible and they're certainly not acceptable.

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Allow me to present one example for your reflection. In a province that is desperately seeking new initiatives in economic development, that is seeking more productivity and that is seeking an international competitive advantage, there is no logical rationale provided from any source for the fact that a university student enrolled in a three-year degree program as a philosophy major receives, still today, more government funding than a college student enrolled in a three-year advanced diploma program in automotive product design. Think about that.

Perhaps with a philosophy degree—and I'm going to take a few liberties here to try to keep this in some perspective—you could navel-gaze and surmise that, in the end, it'll all work out, that the tough times are behind us, that the recession is over, that everyone has a job and that happiness abounds. Or, with the same degree of credibility that you could attach to that statement, we could keep a close eye on Warton Willie or Punxsutawney Phil. If they see their shadow in the next coming weeks, we can brace ourselves for another year of underfunding. Or if they do not see their shadow, we can expect great student funding announcements.

Thanks for these several minutes. We're certainly open to any questions.

The Chair (Mr. Pat Hoy): Thank you very much. Do you have any remarks?

Mr. Dolph Barsanti: No.

The Chair (Mr. Pat Hoy): The questioning goes to the government side. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, John and Dolph. I caught CFO, but I think it was Dolph. Thank you for your kind comments about our Chair, the member from Chatham-Kent-Essex, and the outstanding work and service that he has made to our province.

I have several questions. It's quite a comprehensive deck that you've given us with a very short time to look at it, but I think you've hit some key points. You started out by talking about a concerted, logical approach that the province is taking, and thank you for your comments that we're better off today than since the turn of the millennium. I absolutely would agree with you.

On the last page, you also talk about the success of Second Career, and I want to reiterate and support that that is because of the work of our colleges. Conestoga

College is in my riding of Kitchener–Conestoga. Of course, I'm a huge champion for them and what they do for the community, for our youth and to build that educational foundation, which is our future. So we thank you as well for the work that you do.

I'm focusing on the capital. There have been a lot of capital investments recently in colleges, as we've seen locally in Conestoga College as well with a brand new campus, so I want to move past the capital investments and look at the strategic investment sheet that you've given us.

Credential and credit recognition: You're saying that Ontario needs a robust credit transfer system, and we've made a recent announcement that the government is looking at that.

Online student learning, and student services as well, is another area that we're focusing on.

The next one is applied research. Can you tell us more about the role that colleges play in applied research? And the second part of my question is going to have to do with what we heard from the University of Western Ontario yesterday and the partnerships that they have with their local colleges and the idea of developing and embracing internationalism.

Mr. John Strasser: Thank you for the question. Let me frame this with a little bit of background. I began a career a long time ago as a research scientist in Ottawa, so I understand research both from the theoretical side and the practical side, because some of the later positions that I held were in the steel industry, again in the research area.

The colleges are not well-positioned to do applied research without partnering with some stakeholder, whether community-based, provincially based or nationally based, because the funding that is available for colleges at this point is only starting to have some impact. Much of the money that has been dedicated to research in this country has been dedicated to universities.

The universities are better set up in terms of the structure that they have to do that. The contact hours that a university professor spends in a classroom in front of a student is probably half of what a college professor would have, so the application of research that is more developmental than theoretical has to occur because basically somebody is coming to you with a problem to solve. That's not always the case in a university environment.

Probably the greatest absurdity I've read in the last six months is the \$2 million of funding that was given by the administration in the US to a University of Kansas researcher to determine why cow manure smells. Taking \$2 million of money from something to determine what?

I think the greatest problem that we have in this country—we're going to start to get a little bit off topic—is that unless there's a practical use for the end result of the research, we should not be spending taxpayers' money on it. Personal belief.

The Chair (Mr. Pat Hoy): We only have about 20 seconds left, so thank you for your submission this morning.

Mr. John Strasser: Thank you.

Mr. Kevin Daniel Flynn: What did they find out?

Mr. John Strasser: They're just starting. They just got the money, so that'll be a five-year project, renewable.

GREATER ESSEX ELEMENTARY TEACHERS' FEDERATION OF ONTARIO

The Chair (Mr. Pat Hoy): I think we have the Greater Essex Elementary Teachers' Federation moving up here now. We do. Good morning. You've been here all morning, so I know that you know how the script goes. You have 10 minutes. The questioning in this round will come from the official opposition. Just state your names, please.

Ms. Adelina Cecchin: Adelina Cecchin from Greater Essex ETFO.

Mr. Mario Spagnuolo: Mario Spagnuolo, Greater Essex ETFO.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Adelina Cecchin: Thank you. Good morning. The Greater Essex Elementary Teachers' Federation represents approximately 1,500 public elementary teachers in the Windsor-Essex area. We welcome the opportunity to participate in the 2011 pre-budget hearings.

ETFO commends the government for continuing to increase funding for education, despite declining enrolment and a fragile economic recovery. Despite, however, increased investments by this government, elementary schools are still feeling the effects of the funding cuts from the previous government. We continue to be concerned with a funding model that is flawed and underfunded and is based on per pupil spending rather than on actual needs. In addition, it is still difficult to understand the reasoning behind the inequitable funding gap that exists between elementary and secondary in a public education system that prides itself on equal opportunity for all. Such discrepancy should not be accepted.

We would like to first begin with the issue of standardized testing, or EQAO. The EQAO has a \$33-million budget. The Ministry of Education spends approximately \$78 million on the LNS, which is the Literacy and Numeracy Secretariat. It spends a further \$14.1 million to support 80 student achievement officers who duplicate the work of school board consultants.

It is disconcerting when we begin speaking about the amount of money being expended with the EQAO agenda, especially with random testing such as PSSA, TIMSS and other tests that currently exist. Despite the continued positive results that these random tests continue to show, this government feels compelled, in addition, to test every single student in the province, and at an incredible cost of taxpayer money.

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In the classroom, our teachers report an overwhelming feeling due to ministry-driven and board-sponsored initiatives. It is time that the government refocus funding on students, not on EQAO.

We have grave reservations about standardized tests. Time spent on EQAO means less time for teaching and learning. Students learn by thinking, exploring, investigating and researching. Teachers perform ongoing assessments through journals, portfolios, tests and quizzes, oral and written reports, projects etc. Only teachers, and not a single assessment, can best report on student learning.

The Chair (Mr. Pat Hoy): Could you move back from the microphone just a little bit?

Ms. Adelina Cecchin: Sure.

Another concern is the use of the EQAO results to rank our schools. It is a demoralizing practice and one that does not benefit our students. It also does not factor in socio-economic variables that can impact such testing.

Public education is built on the promise of equal education for all, with the opportunity to secure this promise. The introduction of ranking of schools, thereby creating a division amongst schools and promoting competition, takes away from this promise for all.

In the area of special education, the over-emphasis of the EQAO tests in our schools has resulted in forcing students with special needs to write these standardized tests. It is troubling that we subject students who we already know are below grade level to take a test that does not meet their needs.

Mr. Mario Spagnuolo: ETFO has continually suggested that the EQAO and the LNS annual budgets would be better used to hire specialist teachers and reduce class size, especially in the junior intermediate grades and the new kindergarten program.

Instead, the government has made student achievement in literacy and numeracy a priority at all costs. This over-emphasis has led to schools being overtaken by data collection initiatives that leave teachers with insufficient time to teach all areas of the curriculum. This means that elementary students are often shortchanged in terms of studying history and geography, learning about design and technology, experiencing the arts or benefiting from robust physical and health education programs.

If we want to significantly improve learning, then we recommend increasing the number of specialist teachers in these areas: the arts, guidance, design and tech, physical, as well as teacher-librarians. Investing in specialist teachers rather than data-related initiatives would have a more direct impact on quality public education.

We would also recommend reducing class sizes in grades 4 to 8 and in full-day early learning kindergarten programs across the province. This would support activity-based learning, positive social interaction amongst students and individual attention from teachers. Research demonstrates that smaller classes enable teachers to provide more individual attention to students and

allows teachers to provide a greater variety of instructional strategies.

In terms of our students in grades 4 to 8, class sizes in these grades are the highest among elementary and secondary schools. Primary grades are funded for a class size of 20 and secondary grades are funded to support a class size average of 22, yet grades 4 to 8 funding is at a level of an average class size of 25. In reality, however, in our school board we have a class size amongst the highest, at 28 to 1. As a result, our students in grades 4 to 8 are left with a higher teacher-pupil ratio. For example, in our area, surveys indicate this year that we have at least five classes that have 35 students, another five classes at 34 and a further eight classes at 33.

Special education is another area of our concern. We recommend that the government increase funding in this area for greater support for students with identified special needs. Currently the Ministry of Education's core grants for students with special needs, SEPPA, are tied to overall enrolment. As total student enrolment declines across the province, school boards therefore also receive less money for special education. However, the number of students currently being identified and the future projection of students with special needs all point to a significant increase.

Most school boards spend more on special education than they receive in their grants. Our board is no different, projecting a \$6-million deficit in this envelope. This means the board is taking funds from other programs to support special education. We recommend to the government that it base special education grants on the educational needs of students, not on overall enrolment.

Ms. Adelina Cecchin: Public sector restraint: We would like to take a moment to speak to you about teachers' salaries.

The fall economic statement indicates that there will not be any increases to teachers' salaries over a two-year span. This policy is problematic for our public elementary teachers in Ontario. ETFO members currently receive 2% less in salary than their counterparts. ETFO will be looking for pay equity for our members in the next round of bargaining.

The early learning program: The early learning program funds one teacher and one designated ECE in classes that average 26 students. Although the new program is play-based curriculum, the number of students in these classes and the physical space of many of the classrooms being used do not complement a play-based approach. As Ontario moves forward to fully phase in this important new program, it will need to bring class size in line with other primary grades and provide the capital funding that can accommodate the activity-based program that is at the core of its philosophy.

Mr. Mario Spagnuolo: Technology is playing an increasingly important role in how students learn and how teachers teach. The application of technology in the classroom also continues to change at a rapid pace. In order to keep up with the changes and to do the job

effectively, teachers need greater workplace access to up-to-date technology, technological support and more regular professional in-service. The Ministry of Education grants to school boards need to be increased to support these technology concerns.

School closures: The 2010 People for Education report notes that across the province, 160 schools are currently closing or recommended to close. Another 139 schools are undergoing accommodation reviews to decide their future. These numbers represent the largest amount of school closings since the Conservatives were in government.

Schools in this area have not been spared. Smaller schools are closing as school boards adopt a policy of bigger schools for the sake of efficiency. However, efficiency does not always equate with effectiveness. Current research points to students in disadvantaged communities being more successful in both smaller elementary and secondary schools. The optimal size of a school at the elementary level is 400 pupils and between 600 and 900 in high schools.

The government should reexamine the funding formula so that school boards are better funded to maintain smaller schools and protect these neighbourhood hubs. Students attending smaller schools feel better connected to all teachers, to the principal and to one another, and as a result are better connected and are less likely to engage in negative behaviours. As well, smaller schools provide a safer place for students and have fewer discipline problems, as research indicates. Student attendance is also better in these smaller school environments.

Finally, the achievement gap is narrowed in smaller schools and the socio-economic factor plays less of a role. Schools are about people, not numbers.

The Chair (Mr. Pat Hoy): You have about a minute left.

Ms. Adelina Cecchin: Thank you. We thank you for the opportunity to outline some of our priorities in the education sector. We hope the government seriously considers addressing the EQAO and LNS through the reinvestment of these savings into such programs as smaller class sizes, more specialty teachers and an equitable funding formula that will address the real needs of students with special needs and the detrimental closure of our community schools.

Finally, the issue of pay equity needs serious consideration in any bargaining discussions.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you very much for your presentation. You talked a bit about declining enrolment and the effect on smaller schools. Do you have many rural schools in your area?

Mr. Mario Spagnuolo: Yes, we do have a few. We're a different kind of school board. We have a city, which is Windsor, and then Essex county has rural schools—I wouldn't say as many as in the northern or the eastern parts of the province.

Mr. Norm Miller: So the schools that are facing declining enrolment: Are they more the rural schools than the city schools, or is there any differentiation?

Mr. Mario Spagnuolo: No, I wouldn't say that. It also affects city schools. The west side of our city, especially, has been affected by the economic devastation and people moving out. It has affected both urban and rural equally, I would say.

Mr. Norm Miller: How many schools are facing possible closure?

Mr. Mario Spagnuolo: It was announced yesterday that one school in the west end is closing, and there's another school out in Maidstone that is a rural school is also closing. And we've had a few amalgamations over the last few years.

Mr. Norm Miller: I know Mr. Barrett wants to ask some things.

Mr. Toby Barrett: With the school closings—I know we had a presentation earlier today. Something like 7,800 people have left the Windsor-Essex area. With youth unemployment, many of these would be young families. What has been the decline in the elementary student body since, say, 2006-07?

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Ms. Adelina Cecchin: We've been hard hit. Our school board has noticed the declining enrolment. I don't have the stats on hand, but there has been an impact in terms of the declining enrolment, although from 2006 up to today, there has been some kind of growth. There has been some level of growth, which is a good thing.

Mr. Toby Barrett: How many teachers have you lost?

Ms. Adelina Cecchin: We have not had to lay off any teachers, luckily.

Mr. Toby Barrett: At the elementary level?

Ms. Adelina Cecchin: That's right.

Mr. Mario Spagnuolo: That's due to retirements and increase in preparation time. The slight reduction in class size has helped.

Mr. Toby Barrett: So the same number of teachers, though?

Ms. Adelina Cecchin: We would have had to have laid off teachers; however, because of our last round of bargaining in terms of the benefits and the increases and the stuff that we were able to get through our last round of bargaining, we were able to save those teaching jobs.

Mr. Toby Barrett: I don't have your brief. You mentioned the 2% less salary. That's—what?—a difference between elementary and secondary? What was that?

Ms. Adelina Cecchin: It's actually the difference between—we're the only provincial union that is paid 2% less. All our other counterparts—OSSTF, OECTA and AEFO—receive 2% more.

Mr. Toby Barrett: What are the salary ranges now for elementary and secondary?

Mr. Mario Spagnuolo: By the end of 2012, our top rate would be approximately \$84,000. The average teacher salary is about \$60,000 because we do have a lot of younger teachers coming into the profession. You're

looking at zero years' experience, step two of the grid, so you're looking at \$45,000 to \$50,000 starting salary.

Mr. Mario Barrett: For starting. And that's elementary?

Mr. Mario Spagnuolo: Yes, which is 2% less than a secondary teacher in the same category.

Mr. Toby Barrett: Yes, okay.

Ms. Adelina Cecchin: But I would like to think—just in response to that—that we do value the work of our public elementary teachers in the same way that we value any other teacher in our system.

Mr. Toby Barrett: Okay. Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

MR. ROBERT MAICH

The Chair (Mr. Pat Hoy): I now call upon Robert Maich to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning, coming from Mr. Tabuns of the NDP in this round. I just ask you to state your name for our recording Hansard, and then you can begin.

Mr. Robert Maich: My name is Robert Maich, and I'd like to thank the chair and the committee for allowing me to appear today before you. I would like to speak briefly on three areas, the first being the Detroit River international crossing, the second being subsidies under the Green Energy Act, and the third being the HST.

To begin with the Detroit River international crossing, it is my view that this project would be more prudently divided into two phases, the first phase being an improvement of the roadway between the 401 to the E.C. Row Expressway, with the second phase to the proposed new bridge crossing being rolled into a second phase tied into the crossing itself.

My reasons for this submission are twofold. First, the state of Michigan has yet to enable legislation permitting the construction of the new crossing. I would very much dislike to see public funds expended on a road that may eventually lead to nowhere. I think we have to be much more careful with our public funds. Secondly, I believe that the final phase, the roadway accessing the proposed new crossing, is more properly part of that crossing initiative. In other words, it would serve really no other purpose than to feed that crossing. If that crossing is to be a public-private partnership, should the final three to four kilometres of that parkway be costed into that project with the public-expropriations-to-date costings being factored into that project?

If I can roll back to the first phase of the road improvement, currently Talbot Road and Huron Line to E.C. Row, I would ask the members of this committee to pay careful attention to that roadway on your way out of town. If you look at both sides of the current roadway, you will see that perhaps four crossings, two of which being interchanges, would be sufficient to serve our community without it being severed by this new parkway, at less expense than what is currently planned.

If you were to look at the interchange at Howard Avenue-Highway 3 and Cabana Avenue-Todd Lane, as well as underpasses at Grand Marais and Cousineau Road, you would see, by the view of what's on the ground, that these four interchanges and underpasses would be sufficient to prevent our community from being severed.

Furthermore, the expropriations to date, which I believe the Minister of Finance has indicated are somewhere in the neighbourhood of \$250 million, covering the lion's share of what is required, would be sufficient to convert the existing road into a controlled-access road, which would be critical for public safety and speedy movement of goods to the United States.

If you look at the \$250 million expended to date on expropriations, the cost of two interchanges and two underpasses—basically four crossings—should not exceed in the range of \$60 million to \$100 million. So if you look at the \$250 million spent to date, as well as the \$60 million to \$100 million required to bridge the existing roadway as a new controlled parkway, we're looking at somewhere in the realm of \$400 million, not \$1.4 billion. I fail to understand the wisdom of the extra \$1 billion being expended.

This brings me to the Green Energy Act. There's a great amount of debate as to whether or not subsidies are a matter of robbing Peter to pay Paul or if they're a helpful nudge to move a province or an economy in a particular direction. I do not have a particular view that one approach is correct over the other. How I see it is a case-by-case analysis. Any subsidy should be to the view of eventually creating something that is self-sustaining. When we have a subsidy that goes into the realm of a tenfold increase over the market value of energy, I think we've gone out of the realm of robbing Peter to pay Paul but rather robbing Peter and Paul and setting the cash on fire for energy.

This is not a wise expenditure of public funds. More importantly, it robs us of resources to do other improvements in energy that are required, such as converting our coal plants to natural gas to reduce the greenhouse emissions by approximately half, and to also upgrade and improve our nuclear facilities.

When we get into spending billions on something that isn't sustainable, we have to take a view that the taxpayer's pocket is not bottomless and the resources of the province have to be respected, no matter how noble the cause, which brings me to the HST. A consumption tax of this nature is an ultimate burden on the families and individuals of this province. Some would argue that a 13% consumption tax is not that high, especially when we compare it to a nation like Greece, which has a 23% consumption tax.

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That type of modelling in comparison, I think, takes us down a road we don't want to go down, because when you look at a nation like Greece, they have one of the lowest tax compliance rates in the European Union. We do not want to foster an underground economy,

ultimately robbing the government and our citizens of tax dollars, with services being moved to an underground economy to avoid tax. This is not the route we want to go down. We should be fair to everyone and be respectful of our province's and economy's resources.

Thank you. Those are my submissions in brief.

The Chair (Mr. Pat Hoy): Thank you very much. As I said, the questioning will go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Mr. Maich, thank you very much for coming in this morning. I appreciate you taking the time.

I want to go back to the HST. Can you tell us a bit about the growth of the underground economy and its relationship to the HST here in Ontario?

Mr. Robert Maich: The problem when a tax is attached to a service is that it's very hard to track the inputs, and it's very hard for the government to enforce that tax.

I'll tell you anecdotally a story that was told to me, albeit second-hand, about an electrical contractor who said that since the implementation of the HST, he has run into a situation where seniors are asking him, "Is there a cash price?" He said, "I never ran into something like this with seniors before." Sure, some people would ask that, but he never ran into that before.

It's not just driving it on the part of the individuals seeking to do business; it's running into the initiative on the part of the individuals looking to purchase. Once this starts to happen, we wind up with a smaller and smaller pool of taxpayers funding an ever-growing burden. We need to find a mechanism that is fair to everybody and that ensures that everybody makes their fair contribution to our province's treasury.

Mr. Peter Tabuns: And what mechanism do you suggest we utilize?

Mr. Robert Maich: I think the mechanism is to build a consensus. You have to have a consensus amongst the people that they believe they're paying a fair tax, be it a 10% consumption tax, an 11% consumption tax or a 12% consumption tax. But anecdotally, I can tell you the people of this province do not view 13% as a fair consumption tax.

Mr. Peter Tabuns: Well, I'd have to agree with you on that.

Mr. Chair, I have no further questions. But I want to thank you very much for taking the time to put together the arguments and coming here and speaking the way you have today.

Mr. Robert Maich: My pleasure. Thank you for allowing me to speak.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

UNITED WAY/CENTRAIDE OF WINDSOR- ESSEX COUNTY

The Chair (Mr. Pat Hoy): I believe the United Way has just walked in, am I correct? If you would come

forward, we'll hear your presentation. Thank you for coming in early. That helps our committee move along.

You have 10 minutes for your presentation. There could be up to five minutes of questioning, which in this round will come from the government. I ask you to state your names before you begin for our recording Hansard, and you can start with your presentation.

Ms. Penelope Marrett: Good morning. My name is Penelope Marrett, and I'm the CEO of the United Way of Windsor-Essex County. With me is my colleague Lorraine Goddard, senior director of community impact. Bonjour.

We are pleased to have this opportunity this morning to speak with you on the recommendations that we have for the standing committee during its pre-budget consultations. I know that a copy of our brief is being circulated to you, as well as a copy of our Well-Being Report.

United Way/Centraide of Windsor-Essex County has been working in this community for 64 years. As a solutions leader, we work with government, agencies, business and labour to find lasting solutions to the health and human service issues that affect the people in the city of Windsor and the county of Essex.

Ms. Lorraine Goddard: In 2009, United Way/Centraide held extensive consultations, and from these identified three community investment priorities: supporting basic needs and independence, positioning kids and families for success, and creating thriving neighbourhoods.

In 2010, the United Way/Centraide released its second community Well-Being Report, a copy of which we have here for you today. This report continues to chart how well our community is doing over time in a number of areas identified by its citizens.

Ms. Penelope Marrett: The United Way/Centraide believes in the overarching principle of Ontarians having access and choice in order to have the best quality of life for themselves and their family. This overarching principle is all-encompassing and includes, among other things, housing, food security, health care, recreation and socialization.

The government is to be commended for its poverty reduction strategy and its recently released long-term affordable housing strategy. Based on our work in this community, we have a number of recommendations to the standing committee. To support basic needs and independence, we, along with many other organizations in Ontario, are calling on the provincial government to establish a housing benefit for people living on low income. Such a benefit would provide low-income Ontarians with a greater ability to find adequate, affordable housing that suits them.

We also strongly urge the provincial government to continue advocating the federal government for a renewed national housing strategy that includes a renewed funding commitment.

Ms. Lorraine Goddard: Food security exists when all people at all times have physical and economic access

to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.

In 2005, households with an annual income below \$30,000 reported experiencing food insecurity, with moderate to severe hunger. Some populations are at increased risk of food insecurity, including recipients of social assistance, the working poor, lone parent families, children and persons with disabilities.

People who receive social assistance continue to make up the largest group of food bank users across Canada. In 2009, there were 235,000 visits to food banks within Windsor-Essex county, which was an increase of 242% in food bank visits from 2006 to 2009. There was also an increase of 261% of adults and children in families that visited food banks. These rates are astonishing. We must work together to find innovative ways to assist people experiencing food insecurity.

In October 2010, United Way/Centraide partnered with Pathway to Potential, the coordinating organization funded by the city of Windsor and county of Essex to implement the region's poverty reduction strategy, and the Windsor-Essex Food Bank Association, who came together to co-host a community forum, Food Matters, which highlighted existing food initiatives and focused on developing a plan of action for food security in our community. Four priority areas were identified: emergency food distribution, alternative food distribution, urban-rural agricultural initiatives and policy initiatives. We believe that the provincial government needs to increase income assistance, including Ontario Works, to a level that will ensure recipients have food security.

Ms. Penelope Marrett: With the continuing economic uncertainty in this region, having a strong, resilient and healthy citizenry continues to be a challenge. Financial insecurity caused by an uncertain future can seriously compromise well-being and cause a range of health problems related to stress, anxiety, illness and, in extreme cases, even substance misuse and suicide. According to Children's Mental Health Ontario, there were 50% more child mental health cases reported in Windsor-Essex county in June 2008 compared to September 2006, while Ontario rates remained relatively unchanged in the same time frame. We strongly urge the provincial government to increase its funding for children's mental health services, particularly in regions throughout the province that have a higher than average number of cases, such as it is in Windsor and Essex county.

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The provincial government is to be applauded for its commitment to mental health and addictions. We are a partner in the Windsor-Essex drugs strategy group, which in 2008 released its community drug strategy framework report. Youth residential addiction service options do not exist though in our community. Thereby, we force our youth to leave their community and supports for services. The government needs to increase its investment in our

youth, including providing addiction services in our communities.

The Ontario government is also to be applauded for its support of the 211 initiative. This collaboration with municipalities, the provincial and federal governments, the Ontario Trillium Foundation and local United Ways in Ontario will ensure that Ontarians will be able to access information on community, social, health and related government services.

We applaud the government for its commitment of \$4 million a year to this initiative beginning in 2012 as part of its poverty reduction strategy. However, we would recommend that the province increase its financial commitment. We therefore urge the provincial government to increase its financial contribution to a minimum of 60% of the total cost of running the 211 initiative in Ontario.

Ms. Lorraine Goddard: Windsor-Essex county is uniquely positioned to continue its reputation as a transportation and infrastructure hub for Ontario and all of Canada. We applaud the provincial government for their commitment to our community in this area. By capitalizing on this existing asset, which is not easily replicated elsewhere in the province, Ontario's economy will continue to grow and strengthen, thereby helping Ontarians to lead a better quality of life. We believe that the Ontario government needs to continue to seek out opportunities to strengthen Windsor-Essex county as a major transportation and infrastructure hub.

Ms. Penelope Marrett: In conclusion, Windsor-Essex county has experienced serious challenges during the last couple of years, as you know. With strategic investments in the coming year and beyond, the citizens of Windsor-Essex county will be able to continue to address issues of concern with the goal of strengthening its community. Together, we can change lives.

Thank you very much. Merci. We'd be happy to answer questions.

The Chair (Mr. Pat Hoy): Thank you. The question will go to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Penelope and Lorraine, for being here, and thank you for the work that you do on behalf of the United Way—exceptional work that United Way does in my area of Waterloo region, Kitchener-Conestoga in particular. I work very closely with the United Way. One thing that I do that does jump out at me is, of course, the word “partnership,” because the United Way, at least in my area, is exceptional in what it does in partnering. You've mentioned twice—there's a lot of information here, and it came very quickly. On page 8, you mentioned the partnership with Pathway. You mentioned another partnership on page 10, the community drug strategy. Are you working in partnership? Is that sort of the motto of United Way? I guess I'm thinking in terms of difficult economic times, a limited amount of money. Certainly, we're going to talk about children's mental health next. How can you use those two words in the same sentence—limited funds and children's mental health? But given that that is a reality,

is a partnership something that you do as a model of how the United Way works? Can you elaborate a little more on that, please?

Ms. Penelope Marrett: I'll start and then I'll ask Lorraine to continue. Partnership is a very important principle for the United Way. We recognize that we can't do it alone and we shouldn't be doing it alone. We need to be working with the individuals and the organizations that are affected, and community stakeholders as well as government, in order to be able to address the issues of concern. So it's very much a model, along with collaboration, that we really do our best to work upon.

Do you want to add anything?

Ms. Lorraine Goddard: Yes. United Way also—Windsor-Essex—brings together funders through a funders' forum. One of our goals within the funders' forum is to look for opportunities to collaborate and to dovetail the services that are being delivered and funded through various levels of government and locally in such a way that we're not duplicating, that we're building on each other's strength. That's a very key approach for United Way. In fact, in our 2010 community investments, collaboration was a significant criterion in the decision-making process as to which agencies were going to be funded. We knew that we had a significant reduction in our available dollars to fund, yet we had great needs in our community. We asked the community agencies to demonstrate how they can clearly work more collaboratively, not just on paper, but to demonstrate some clear collaborative approaches.

We are very pleased. Organizations, as difficult as it is sometimes, are coming together and are looking at how do we build on each other's strengths and deliver the strongest program service strategy that will really achieve impact in our community.

Ms. Leeanna Pendergast: And that's a local strategy initiative?

Ms. Lorraine Goddard: Yes.

Ms. Leeanna Pendergast: And it would be possible to get more information on that from you?

Ms. Lorraine Goddard: Absolutely.

Ms. Leeanna Pendergast: Okay, thank you. I'm probably going to run out of time. Chair, how much time?

The Chair (Mr. Pat Hoy): You have two minutes.

Ms. Leeanna Pendergast: Lovely. Just a quick clarification on the recommendation for the financial contribution to the 211 to a minimum of 60% of the total cost: Can you just explain for me, please, because I'll be the one accountable to go back to the minister directly, where you get that number of 60%?

Ms. Penelope Marrett: This is a number that we have worked with amongst many of the partners, including 211, operationally, about what is the best percentage. Right now, for example, in the Windsor-Essex community, we support 211 with a contribution of approximately 30%, which is quite a significant amount of funds for us as a local United Way.

Knowing that Ontarians will benefit and have benefited from it, we see that this is an initiative that the government needs to make a much stronger investment in as part of their poverty reduction strategy in ensuring that access to information is available to Ontarians throughout the province.

Ms. Leeanna Pendergast: And children's mental health: You're talking about the services, particularly in regions throughout the province. Again, is there a provincial strategy for that through the United Way, given it's such an important aspect?

And quickly—there's so much in this document—would you be able to prioritize? Could you say what would be the one thing that you would really like to leave the government with, to say, "Please, this would be our number one priority"?

Ms. Lorraine Goddard: When you look at the rates of children's mental health in our community, it's very significant when we compare to Ontario in general and other Ontario communities.

With respect to what we're asking the province to do is—it's very piecemeal. There is no real strategy to address children's mental health. That is a problem. Funding is committed over shorter periods of time—it's here; it's not here—and it's inadequate. There are just not enough services to address the needs of our community.

Ms. Leeanna Pendergast: My colleague here, Kevin Flynn, was the Chair of the mental health committee, and that was one of their recommendations as well. Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation this morning.

Interjection: Thank you very much for having us.

The Chair (Mr. Pat Hoy): That concludes our business for this morning, so we'll recess.

The committee recessed from 1147 to 1259.

WINDSOR REGIONAL HOSPITAL

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. Our first presentation of the afternoon is the Windsor Regional Hospital, if you'll come forward, please.

Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that, coming from the official opposition. If you could just state your name for recording Hansard and then you can begin.

Mr. David Musy: Sure. David Musy. I'm proud to be a member of a team at the best hospital in the province of Ontario. It's the best hospital for patient care and it is also the best hospital in which I work. I refer, of course, to Windsor Regional Hospital, of which I'm proud to be the president and CEO. I want to thank the Standing Committee on Finance and Economic Affairs for inviting me to attend before them today for the pre-budget consultations.

To paraphrase the old Chinese curse, we live in interesting times. Back in 2008, the provincial govern-

ment announced a surplus of approximately \$600 million. That was on the heels of two successive years of surpluses. Then, as you all know, the bottom fell out.

If, in 2008, I bet everyone in this room that General Motors would go into receivership, in 2009 I would have won a lot of money. The old slogan was, "As GM goes, so goes the nation." Well, GM went and so did we. The impact of the worldwide economic meltdown was felt as hard in Windsor as anywhere. It was hit extremely hard. Our unemployment numbers have been and continue to be the highest in Canada. Corporate and personal bankruptcies have been at unprecedented levels.

We at Windsor Regional Hospital detected the first signs of a faltering economy in 2007. Provincial funding for 2008 and 2009 was announced in early 2008. We learned that we were going to receive an increase in our base funding of 2.25% in 2008 and a further 1.95% in 2009. At the same time, we were facing an increase in demands for our clinical services. We knew that without some dramatic changes the funding increases would not allow us to balance our budget and still meet those demands.

In early 2008, before the economy collapsed, we commenced a zero-base budgeting process. As a hospital, we have experienced unprecedented growth over the last 10 years. Our operating budget has gone from \$100 million to over \$300 million. During that time, we budgeted incrementally; that is to say, as we received additional funding, in large part we spread it across the hospital's various programs on an equal basis. This approach to budgeting went largely unremarked until funding started to be outpaced by inflationary expenses.

When we adopted the zero-base budgeting process, we took a step back and started to rebuild our programs from the bottom up. Programs were required to create new budgets based on current needs, volumes and demands. The process involved everyone, and I mean everyone: physicians, employees, volunteers and board members. Hundreds of individuals were involved in developing the various recommendations in the actual decision-making process. I want to stress that like the process itself, the recommendations were made from the bottom up, not the other way around.

The ZBB process was completed in early 2008 and recommendations began to be implemented immediately. The results speak for themselves. In fiscal 2007, we ended with a \$6-million deficit. In 2008, we ended with a \$1-million surplus—a \$7-million swing. This current fiscal year, even though base funding was only increased by 1.49%, we're projected to do slightly better and we will have a small surplus. At the same time as our fiscal turnaround has been occurring, our team has been recognized locally, provincially, nationally and internationally for their clinical and fiscal expertise. For example, over the past two years, Windsor Regional Hospital has had the highest number of leading practices of any hospital in Ontario and received recognition for them at the international conference of the Ontario Hospital Association. This past November we were rec-

ognized for a total of 11 leading practices, two of which were placed in the top six best practices category. One of these two was as a result of the hospital's fiscal management practices.

In addition, Windsor Regional Hospital was recognized with the People's Choice award at the Ministry of Health innovation expo and was also recognized by the prestigious US Institute for Healthcare Improvement.

Currently, Windsor Regional Hospital has the lowest wait times for MRI service in the province of Ontario, even though our volumes have gone up by 10%, and one of the lowest ER wait times, considering the size of our emergency department.

I have just highlighted our team's achievements in the last three months. I could go on. Now you know why I say I'm proud to work at the best hospital in which to receive care in the province and that I work with the best health care workers in Ontario.

I recognize that we all have a part to play, given the current economic conditions. I know that health care consumes close to 50% of the tax dollar that the government collects. Further, I'm aware that during the current economic downturn, corporate and personal provincial tax revenues have plummeted. I acknowledge that something has to give. Projections regarding the rising cost of health care, as compared to our overall provincial budget into the future, show that it is not sustainable at the current pace.

Demanding the abolishment of LHINs might make for a good sound bite for the media, but that would do little to help. The total administrative budget for all 14 LHINs is about \$80 million. No matter what you replace them with, the budget will probably be about the same. We also know that regional authorities do not work very well and cost much more. We do not have time to experiment.

The sustainability of our health care system needs to be examined in a formal setting. I strongly suggest that a royal commission to examine the viability and sustainability of our health care system is urgently needed.

It is a fact that at Windsor Regional Hospital, wages and benefits amount to close to 70% of our operating expenses. In November 2009, I publicly stated what I'd been discussing with our staff for at least a couple of years: I advocated for a wage freeze for all hospital workers in order to avoid reducing patient services and hospital jobs. This is not in any way to disparage our health care workers, who, on a daily basis, demonstrate their dedication and commitment. I am the first to acknowledge that our staff are our greatest asset. However, it is the case that for every 1% increase in wages, our expenses increase by \$2.5 million. I do not want to be in a position of giving Peter a 1% raise and then having to lay off Paul and reduce patient services. I must emphasize that with the increasing demand for our services, we cannot afford to lay off a single clinical staff member. We need every Peter, Paul and Pauline.

The 2010 budget provided some hope in this regard. The government indicated that no additional health care

funding could be used for funding wage increases. The government called for a two-year wage freeze. Immediately following the budget announcement, legislation was passed, freezing wages for non-union staff for two years. Windsor Regional Hospital's non-union staff, who make up only 5% of our employees, by the way, had already had their wages frozen for a year, so as a matter of hospital policy, and now in legislation, they face a three-year wage freeze.

No action was taken by the government with respect to the remaining 95% of our staff. I cannot fully describe my disappointment at this turn of events. We have been left to fend for ourselves and are at the mercy of an arbitrator, since all collective agreements in hospitals are subject to binding arbitration for settlement.

We all know what that means to us in the real world. There have been numerous arbitrated settlements this past fiscal year. All of them in the hospital sector have paid no more than lip service to the 2010 budget, just like they pay lip service to the language in the current legislation governing arbitrators in regard to a hospital's ability to pay. Such language is very weak to begin with.

Arbitrators are still awarding 2% to 3% wage increases at a time when inflation is running at half that and when people in this community, who are, after all, our patients and bosses, are happy just to have a job, let alone think about getting a raise. The most annoying and shocking part of all of this is the fact that most of the arbitrators themselves are employed in the public sector as university professors and are receiving 5% to 6% increases in pay.

Arbitrators are currently selected and compensated by both parties to the arbitration. Windsor Regional Hospital goes to arbitration maybe five times a year. A large union probably goes 100 times. In a close decision, which way do you think an arbitrator will lean? After all, they have their own bills to pay.

I think that the arbitration system needs to be reformed. My suggestion is that arbitrators need to be appointed and compensated by the government. Retired judges would be a good pool to select from. They should be appointed for two years and be subject to performance reviews by the entities they adjudicate.

Short of this kind of real reform or a union bargaining agent with the strength to explain the ramifications of this ongoing cycle to its membership, we will continue to see arbitrated awards at 2% to 3%, which will result in more patient service reductions and more hospital jobs lost. I'm hopeful that we will see the necessary leadership forthcoming.

Looking at the other issues other countries and jurisdictions are struggling with, our current government has done an overall admirable job, considering the hand we were dealt in 2008.

One area the current government needs to be commended for is the creation of Infrastructure Ontario. In November 2007, IO was incorporated to aid public sector organizations to design, build and finance construction projects. Windsor Regional Hospital is one of

the few hospitals that had a \$100-million construction project immediately before the creation of IO and immediately after. Before IO was created, we had a construction project at our Met campus. That was eventually successful, but ended up some \$10 million over budget and not on time. Currently, we have a \$100-million project with IO involvement. Bondfield is the general contractor. Today, it's 60% complete. More importantly, it is on time and on budget, with not one change order. Yes, not one change order. This is as a result of IO's extensive pre-tendering due diligence and the expertise they bring to the table on a daily basis. We are in the business of operating a hospital, not massive construction projects. Having IO's expertise is immeasurable in the tale of two construction projects.

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However, can we all do better? Yes. Our patients and our bosses demand and deserve it.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. David Musyj: I know the team at Windsor Regional Hospital is up for the challenge. Thank you for your time.

The Chair (Mr. Pat Hoy): Okay, you were done already.

Mr. David Musyj: I raced through it.

The Chair (Mr. Pat Hoy): Mr. Miller from the official opposition will ask the questions.

Mr. Norm Miller: First of all, thank you for that very interesting presentation.

You were talking about the budget, and I think you said that there was no more than lip service paid to the 2010 budget. I think that was in reference to the wage freeze. As I understand, there's a wage freeze on your non-unionized workers. That's only about 5% of your employees. The unionized workers effectively have been getting increases, partly because of these arbitrated settlements that are beyond your control, I guess.

You have some suggestions to do with arbitrators, so maybe we'll start there. Do you think that the ability to pay, from your perspective as a hospital, should be taken into account somehow with the arbitration process?

Mr. David Musyj: Yes. Currently under HLDAA, the legislation which governs arbitrations for health care and for hospitals—it has language that is known as ability-to-pay language. But unfortunately, over the years, arbitrators have watered that down. The fact that we are funded by the provincial government means there is never a problem with the ability to pay, from our arbitrators' point of view. So they've given that very little credence, and—words have been used: They give it lip service, the current language in the legislation.

So one of the things that has to be done is, that language has to be strengthened. It cannot be just that it has to give consideration to these items; they are mandated to; they shall; these items shall govern their arbitration and their arbitration decisions. At the same time, there needs to be reform on who the arbitrators are.

Mr. Norm Miller: So this must be creating inequities for you within your operation, where you have unionized and non-unionized employees working side by side. Is that a situation that's developing?

Mr. David Musy: Yes. We're starting, because we already had a one-year wage freeze for our non-union staff, to have a three-year wage freeze for our non-union staff. If you consider that it's 2% to 3% a year, you're creating about a 7% to 9% wage gap, at the end of the three years, between our non-union staff and the union. So it closes that gap.

Generally, our supervisor non-union staff—we make sure they're paid at least 7% higher than our union. So in effect, at the end of the day, our non-union staff who supervise unionized staff will be making the same, if not less in some circumstances, at the end of 2012, when the legislation runs out. So that creates major issues with respect to retaining people and with respect to recruiting people to these positions that we do need in the hospital.

Mr. Norm Miller: I think you also said that your base funding increased by 1.49% last year, but then I would assume that that's the funding you get and then these arbitrations happen that are outside your control of 2% to 3%. You essentially don't have the funding to pay for those increases, so you have to find savings somewhere within the hospital just to keep things as they were. Correct?

Mr. David Musy: Yes, exactly. And the issue is the comment I stated, where you give 1% to Peter and I've got to lay off Paul. So I give Peter his 1% or 2% wage increase, but then Paul gets laid off, in a jurisdiction that has the highest unemployment rate in all of Canada. We cannot afford to lose any health care workers right now.

Mr. Norm Miller: I know Toby would like to ask a question.

Mr. Toby Barrett: Yes. It's quite heartening to hear you talk about "on time and on budget, with not one change order." It seems that, down my way, that has not been the case in the past.

I just wanted to raise the issue of alternate level of care. I think that's the term: bed-blockers, that issue. We had a presentation this morning from a representative of a long-term-care facility. They're funded \$110 a day per patient, I guess. What would your hospital be funded at, or what are hospitals funded at, per day per patient? How do we compare it?

Mr. David Musy: Actually, our hospital did run a long-term-care facility. We're just in the process of transitioning out of our long-term-care facility, so we were receiving that amount ourselves. Then we're funded at a rate for our complex continuing care patients, which is a different level of care, on a daily basis of, I think, approximately \$400 a day. But it's a different level of care for that patient.

Mr. Toby Barrett: Certainly. So complex continuing care, that would be everybody else in the hospital, would it?

Mr. David Musy: No; you'd then have acute care patients as well.

Mr. Toby Barrett: What's the—

Mr. David Musy: The approximate daily cost for an acute care patient is about \$1,400 a day.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

WINDSOR-ESSEX REGIONAL CHAMBER OF COMMERCE

The Chair (Mr. Pat Hoy): Now I call on the Windsor-Essex Regional Chamber of Commerce to come forward. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. This round will come from the NDP, Mr. Tabuns. If you'd just identify yourself for the purposes of our recording Hansard, then you can begin.

Mr. Robert Rea: Absolutely. My name is Robert Rea. I'm the chair of the finance and tax committee of the Windsor-Essex Regional Chamber of Commerce. The Windsor-Essex Regional Chamber of Commerce represents about 1,300 local businesses with net sales of \$10 million, employing over 40,000 people in our region.

We'd like to start by addressing the deficit. The Windsor-Essex chamber of commerce has acknowledged the need for the provincial government to run a deficit in order to make investments that will stimulate the economy to a speedier and quicker recovery out of the current recession. However, the chamber believes that the budget deficit should be eliminated sooner than the 2018 date. The chamber recommends that the province of Ontario aim to eliminate the deficit by 2015-16, aligning more with the federal government's fiscal policy.

On to education and skills training—these two walk hand in hand: To help businesses become an engine of economic recovery, Ontario needs to regain its competitive edge in existing industries and invest in human capital through funds for education and training programs and the promotion of greater employer participation with the education system. To enhance innovation and economic productivity, our members would like to see expansion of government support for research development and resources available to employers in working with the education system.

To further achieve this goal, the chamber is recommending that the province of Ontario invest in strengthening business education partnerships and supporting the trade industry associations that already work with businesses. The trade associations have an important role in obtaining advantages such as newer technology and superbly trained skilled trades and professionals, as well as links to research at the educational institutions.

With respect to energy, to maintain a robust economy and achieve economic growth in Ontario, businesses need access to reliable and affordable energy. The importance of investing in energy is highlighted by the rising costs of electricity and other sources of energy for current businesses. There is no quick fix to this problem, but there is a fix in the years to come. This and subsequent budgets must emphasize energy infrastructure as

a priority. Building future capacity is not cheap, but it is very important to all businesses. Solving the energy problem is not only about energy bills, which are becoming higher and more significant to the cost of doing business, but it is also about a reliable and sustainable system of generating and distributing the energy commodity to all the businesses and residents of Ontario now and into the future.

With respect to transportation, among the priorities our chamber has emphasized transportation in every budget consultation. It would be sufficient in this presentation to say that we need to improve and constantly upgrade our access to the Windsor-Detroit border and corridor, the largest and most important border crossing in North America when it comes to trade for business. The access road will provide our region with much-needed jobs and will build a world-class transportation infrastructure. Beyond the access road, every mode of transportation and every infrastructure improvement gives us, the province, an economic advantage that we can leverage when running our businesses or when we're trying to attract and retain new businesses to the region of Ontario. The chamber is in support of the DRIC project and has been active in the process since the very beginning.

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The chamber of commerce also supports the application by the Continental Rail Gateway for funding under the Gateways and Border Crossings Fund. The chamber continues to support the two existing crossings, including the Ambassador Bridge and the Detroit-Windsor tunnel. The Ambassador Bridge continues to be the most significant border crossing when it comes to business and truck transport. It carries the bulk of Canada-US trade every single day.

The province should focus on a long-term infrastructure plan that, again, looks forward to the next 10 to 25 years. The chamber has already been actively engaged in the current planning and consultations.

With regards to health care, the item that we're learning the most about is the challenges and pressures the budget has on health care. We value access to a well-run health care system and have to make sure we can afford it in the long run. Maintaining the health care system we have is costing us dearly in terms of the provincial budget, and adding more money alone will not solve these problems.

The chamber has applauded the Minister of Finance, the Honourable Dwight Duncan, for his commitment and efforts to contain health care spending. The chamber would like to encourage this government to find further savings every place it can without jeopardizing the quality of health care.

Additionally, the chamber thinks it's a good idea to recommend that the government propose a plan that would contain the costs associated with the health care system we currently have. Again, this is following a forward-looking 10- to 25-year plan.

With respect to red tape and regulation, one of businesses' biggest concerns is always the red tape they have doing business within a region and within the province. In order to provide a better business climate, the government should review and address its business-related regulations. The chamber recommends that the province harmonize legislation to the extent that it can between the three levels of government: the province, the municipalities and the federal government.

Businesses are looking for sustainability and predictability in all areas, including taxation, education and research, primarily in the area of government regulation. To make sure this is top of mind for the government, we recommend an automatic five-year review process for new and existing regulations. The goal is to stop changing regulations too often to the detriment of businesses that need to adjust and cope with the changes in regulations.

I've saved this point for last for emphasis. This is the most important, for small business is the most important thing for our economy. It is paramount to provide incentives to reduce regulation and red tape for some of our smallest businesses. Entrepreneurship and small start-up businesses are immensely important to our future in the province. It is where most of the jobs will come from in the years to come, and it is where our business communities and our nation can distinguish themselves.

Thank you for the opportunity to provide you our priorities for the upcoming budget, and we're looking forward to the positive changes that we'll see from the budget.

How much time do I have, Mr. Chair?

The Chair (Mr. Pat Hoy): You have three minutes left.

Mr. Robert Rea: There's two more things I'd like to touch on, if we have time; they might answer some of your questions before they're asked. Two areas we're trying to address: We're going to do spending cuts and spending priorities, which have to work hand in hand on a zero-sum-game budget. To achieve a lower level of spending, the Ontario government should align the costs associated with wages and salaries more with the public sector than those of the private sector.

Another measure that will help the government expenditure to reduce budget needs is to cut spending in all areas and keep in line with the spending priority areas. The spending priority areas we tried to address are some of the things such as education, health care, energy and transportation, sticking to the core expenditures and reviewing the other things that we're spending our money on and asking the question in this economy, is that what we need to do?

Spending priorities: In the short run, the government should take steps to help Ontario's economic recovery by choosing to invest in strategic priority areas that will help position the economy for future growth. Investment in broad areas of infrastructure and energy and, to a lesser extent, transportation, education, health care and in-

novation are most likely to achieve these goals. Thank you.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Gentlemen, thank you very much for coming in today. I appreciate you taking the time, both to prepare and to deliver.

When we look at your point on education and skills, could you tell us what sort of increase in funds you think is necessary to ensure that the education system delivers what you believe needs to be delivered?

Mr. Robert Rea: It might not be a direct increase in funds as much as it is an allocation of funds. Previously, the economy was built from a lot of large corporations which had very good ties to the education system, both the colleges and the universities. Now the economy is driven by the smaller businesses that don't have the same.

Now, what we're proposing is to divert some of the funding more to the trade associations, who can bring the smaller companies to the universities to originally coordinate. The businesses are there. They just don't know how best to access the resources at the universities and colleges.

Mr. Peter Tabuns: Fair point. You also suggest enhancing innovation and economic productivity by expanding government support for research and development. Can you give us a sense of the scale of expansion that you're interested in?

Mr. Robert Rea: Scale?

Mr. Peter Tabuns: How much more do you think should be spent in this area than is being spent now?

Mr. Igor Siljanoski: We did a lot of work in the previous few years, and a lot of it was directed at the federal government. There was some provincial thinking to it.

Basically, we think this is one of the most important areas, for businesses to have access to research and development. It is our competitive edge compared to the rest of the world, I think. But expanding it to make sure that we can commercialize and we can reap the benefits from that research is very important. You put funding and you put programs that make it easier to develop new products, new services and new business processes, but at the end of the day they have to go to market and they have to serve the companies and make profit for those companies to be successful.

It's not enough to have a top-notch research and development program or incentive. Also, you have to make sure that it's expanded to commercialize and to reap the benefits of that.

Mr. Peter Tabuns: I had one other question. This is the Continental Rail Gateway funding. Two questions: First, I'm not familiar with it, so can you fill me in on what it is? And can you tell me the scale of investment that you see as necessary to make this happen?

Mr. Robert Rea: I don't have the numbers for the scale of the investment.

Windsor currently has a rail border crossing with the United States, which is an underground tunnel. The tunnel is old and it has a limited size that it can take certain cars through. Everything else has to cross either on a barge, still, or at other crossings, or be taken off-train, trucked across the border and put back on.

The infrastructure project—Igor, if you could help me with that one?

Mr. Igor Siljanoski: This continental gateway, as you may know, is a private project.

Mr. Peter Tabuns: I'm not familiar with it at all.

Mr. Igor Siljanoski: It is a \$400-million-plus project to build a completely new tunnel from Windsor to Detroit and to carry the proper size, if you will, of cars that will carry our trade across the border.

So far, we don't have their numbers, but we have supported them every step of the way because we think this is important for our economy, to have a rail infrastructure that will carry a lot of trade in the future.

I believe that they have been working with both levels of government to access any funds that are available, any border funds that are available, through the province and the federal government to make this happen. The chamber would like to support that as a way to improve the border crossing.

Mr. Peter Tabuns: Thank you. I don't have further questions. I appreciate the answers.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

WINDSOR PUBLIC LIBRARY

The Chair (Mr. Pat Hoy): Now I call on the Windsor Public Library to come forward, please. Good afternoon. The questioning in this round will come from the government side. If you would just state your names, and you will have 10 minutes for your presentation.

Ms. Jean Foster: I'm Jean Foster. I'm the director of community development and partnerships at Windsor Public Library.

Ms. Christine Dean: I'm Christine Dean, the coordinator of the adult literacy program at the Windsor Public Library.

Ms. Jean Foster: Thank you, Mr. Chairman and the committee, for allowing us to give this presentation today. The Windsor Public Library adult literacy program, on behalf of its learners, instructors and volunteers, appreciates this opportunity to present to you today.

Literacy is the ability to use printed information to function in society, at work and in your family. It is the combination of thinking and social skills we need to analyze and use information to control our lives, achieve our goals and develop our knowledge and our potential.

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Looking forward to 2011, literacy learners in programs across Ontario are facing a potentially significant challenge that we want to discuss with you today. At the end of the 2010-11 fiscal year, the additional investment of \$45 million a year in literacy and

essential skills for Ontarians will come to an end. The impact of the enhanced investment in literacy programs is now less than two years old. The level 1 and level 2 learners, whom we address at the library site, may take four to five years to reach their modest goals, which will allow them to participate more fully in our society. The new learners who are enrolled in these new programs in the additional classes we created will have to be exited from the program on April 1, 2011. There are no other equivalent services for people at this level in our community.

The Windsor Public Library program is one of the literacy and basic skills instruction sites within the Tri-County Literacy Network, which is funded by MTCU's Employment Ontario. The tri-county network includes services to Windsor-Essex, Samia-Lambton and Chatham-Kent.

In addition to instructor-led small classroom curriculum for level 1 and level 2 learners, we provide one-on-one volunteer tutor assistance. Many learners who have developmental and physical challenges take advantage of both streams of instruction. This level of training represents grade 3 literacy with workforce preparation and skills competencies. The ability to read a grocery store ad in the newspaper is an achievement. Presently, we have 115 learners. We also maintain membership in the Ontario Literacy Coalition, Community Literacy of Ontario and Laubach Literacy Ontario.

We are here to discuss literacy programs and support in Ontario and the positive difference they are having for Ontarians and Ontario's economy. Literacy and essential skills are directly related to strengthening Ontario's prosperity and productivity.

The funding that was coming to an end is helping an additional 680 learners in the Windsor-Essex area to access the literacy and essential skills training they need to contribute to the Ontario economy and to our communities. In April 2011, when this funding reverts to the previous 2008 level, notwithstanding the efforts these learners have made to work so diligently, they will be exited from these programs funded by the special funding. Again, I repeat: There are no equivalent services for this population in our community.

Money is already well used. MTCU is known to be one of the most fiscally accountable ministries. Literacy networks ensure distribution of services to meet local needs without duplication. Community-based programs utilize volunteers and matching funds from local organizations to support facilities and business support services, as well as administrative functions and additional staff wages.

In our community we've been able to increase our program offerings and expand our hours. In Ontario, community-based agencies reported providing service to 15,496 learners, an increase of 678 learners over 2008. The majority of level 1 and level 2 learners are in community-based programs.

Ms. Christine Dean: The 2006 census report for the city of Windsor indicates that 23% of our population does not even have a high school diploma. In the city core, 28% are lacking high school diplomas. This area also has the lowest per capita income, at \$18,900; the city averages \$26,193.

Some 42% of Canadians have low literacy; that is, they do not have the ability to read at a grade 12 level, the level considered sufficient to function effectively in today's world. A great percentage of the Canadians who scored below a grade 12 level of reading actually fall below a grade 6 level, making the challenge even more daunting.

In March of this year, a special report from TD Economics said, "The traditional view that literacy is simply the ability to read and write completely disregards both how critical the ability to understand and adapt to the written and numerical nuances of a given language is and its relationship to success in the workplace. Many Canadians are facing difficulties in acclimatizing to the workplace for this very reason and this has very detrimental effects on incomes, productivity, educational attainment, and overall economic well-being."

The 42% I mentioned before are reading at levels 1 and 2. The minimum level considered to be sufficient in today's complex society, as defined by the International Adult Literacy Survey, is a level 3, on a scale of 1 to 5.

A 1% increase in adult literacy levels is estimated to generate a 1.5% increase in the per capita GDP, as calculated by a report done by Stats Canada in 2004. Four out of 10 Canadians aged 16 to 65 struggle with low literacy rates, to the point that their ability to advance their skills training is inhibited. In the best-case scenario, Ontario will be short well over one million skilled workers in 2031, with almost a million unskilled workers unable to find work.

As our strong manufacturing and resource sectors shift to more knowledge-based and service-based jobs, these services are in high demand. Waiting lists for literacy and basic skills programs across the province are growing, and demand is increasing. Nowhere more than our province, especially Windsor, has the current recession signalled a profound restructuring in the economy. Ontarians who have lost their jobs find that the new jobs they apply to have higher skill requirements. Skill requirements of existing jobs are also increasing.

Finance Minister Duncan released Ontario's long-term growth report. In that report, the government is clear: "To stay competitive in the future, it will be increasingly important to build on this advantage"—that of a highly skilled and educated workforce—"and continually improve the education and training systems in Ontario."

In 2009, there was a project by the Tri-County Literacy Network called Linking Adult Literacy to Poverty Reduction. As the Windsor area had one of the highest unemployment rates in the country and continues to have the highest unemployment rate amongst Ontario's census metropolitan areas, poverty has been an increasingly important issue. Adult learners are not

merely learning to read, write and compute; they are learning how to mobilize their collective resources to meet their basic needs for health, safety and human dignity, and to move out of poverty. The project was designed to improve the capacity of Windsor-Essex Ontario Works and the Tri-County Literacy Network to work together to more effectively work with people living in poverty. Poverty does impact learning, work habits and decision-making.

Since the project ended, programs are integrating more poverty-reducing strategies into their curriculum. Currently, there are over 6,000 recipients in Windsor-Essex on assistance. Between 22% and 50% of adults with lower levels of literacy live in low-income households, compared to only 8% of those with high-level literacy.

Ms. Jean Foster: In this time of constrained government budgets, it is critical to invest in programming that will return the highest yields. Investment in literacy training will do that. There is a correlation between skills upgrading and being more employable. This allows people to be productive members of society and contribute to the economy and their communities. Additionally, it leads to direct savings in other government programs, when 42% of literacy learners stated that their source of income was EI, OW or ODSP and almost 70% of people exiting the program went on to employment or higher learning.

Investment in literacy is directly related to strengthening Ontario's economic growth, productivity and competitiveness. It is helping to ensure that all Ontarians can fully contribute to the advanced economy that will ensure our province's continued prosperity. To sustain literacy programming for Ontarians in libraries, in the workplace, in colleges, in school boards and in the community, we are seeking your support to continue the \$45-million enhancement to literacy programs that was made available in 2008.

If anyone knows about stressful financial situations, it is the community-based programs. We acknowledge the difficult financial situation of Ontario and the deficit the government faces. Literacy and essential skills are an investment in people so that our economy is at its best; hence, the province's finances will be at their best.

Thank you for listening to us today.

The Chair (Mr. Pat Hoy): Thank you. You had four seconds left; you must have practised to get it there.

The questioning will go to the government. Ms. Albanese.

Mrs. Laura Albanese: Thank you, Mr. Chair, and thank you to you, Christine and Jean, for presenting to us today and for being so thorough. We have heard other presentations, one this morning and one yesterday, in regard to literacy. We do understand that it affects all different levels of a person's life.

At the same time, I wanted to ask you a couple of questions about the levels. You were talking in particular about levels 1 and 2, which are serviced at your library. At the same time, you also mentioned that there's tutor

assistance—I don't know if I misunderstood—if maybe the learners have some physical or mental challenges. Because then I thought I was mistaken, because you spoke about work skills and about the knowledge economy. So if you can explain the levels to me and the population you serve.

1340

Ms. Christine Dean: Sure: levels 1 to 5, 1 being the lowest, 5 being the highest. We would probably be at 4 or 5. Levels 1 and 2: When you're finished level 2, you're still having difficulty filling out an application for a job, looking in the classifieds for a job, that kind of thing.

In our library, we offer several options, because when you're an adult, you have different ways of learning. We have the one-on-one option, where we use volunteers, and we have 50 of those right now. We have two small groups. We have a small group of literacy, which is about six to 10 people with one instructor. Then we have what we call a target group, of persons with developmental disabilities, because we know that progress is even slower in that group, and we have another instructor for that. So they have options when a learner comes in.

Mrs. Laura Albanese: The learner that you see at the library—I know you must be serving different needs. But is this a person who usually needs to renew their working skills—so their language? For example, I represent an urban area of Toronto, and I have a high number of newcomers. For them, it's also a question of refining their skills in English. For others, it's because they've lost their job and they need new skills, especially language skills, in order to aspire to another one.

Ms. Jean Foster: That's where the problem becomes very complex, because Windsor has one of the most diverse populations in the province as well.

The newcomer issue and the language: That's addressed by CIC in the LINC classes. What we've noticed from complaints from other people coming to us is that LINC classes have the assumption that the person is literate in their own language when they come here. There is no accommodation made for people who have low literacy in their native language.

The LBS program, delivered by Employment Ontario, is designed for people who are born in Canada or raised with their native language as English, who, by some means, either by cognitive disability or falling through the cracks in the school system, have low literacy skills.

Most of the ones we get at the library have developmental or physical challenges that prevented them, in the mainstream educational system, from attaining their literacy. Many of them do come from the workforce. Many of them did get jobs. As they're displaced, they're not at a level to move on to anything else. They're referred to us by Ontario Works.

Mrs. Laura Albanese: I understand. How long, on average, would you say that a learner that you would typically service would take to go from level 1 to level 2, or in any case to improve their literacy?

Ms. Christine Dean: First of all, there's no such thing as a typical learner.

Mrs. Laura Albanese: Okay.

Ms. Christine Dean: They're all different, but that would depend on the goal that they come in with. If their goal is that they want to get their driver's licence, because then they can get that job, that's what we work on. If it takes a year or two years, that's what it takes.

You have to remember that when they're low-level learners, there are a lot of underlying learning disabilities that we happen to catch, and then we find accommodation to help them with that, so that's why it takes longer when it's a level 1.

Of course, then there's the poverty issue. I can talk about that all afternoon, but you've got some coming this afternoon.

Mrs. Laura Albanese: Do I still have time?

The Chair (Mr. Pat Hoy): You have a minute.

Mrs. Laura Albanese: I have a minute. Could you elaborate for a minute on the poverty issue?

Ms. Christine Dean: Literacy and poverty go hand in hand. If you can't read, what are you going to do? You have to buy things at a grocery store. You have to buy things that are not—I'm trying to think of the yellow label, how you have to read the actual grocery label. Instead of getting one that's a little cheaper, they have to buy the name brand, because they know it by sight. They don't make a lot of money, so they have to struggle. It's a day-to-day thing. I know that some of my learners come in, and they are hungry.

Mrs. Laura Albanese: Thank you very much for your presentation. It's very helpful.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

ENSEMBLE

The Chair (Mr. Pat Hoy): I call on Ensemble to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning, coming from the official opposition in this case. Just state your names and then you can begin.

Ms. Lisa Raffoul: Hi, I'm Lisa Raffoul. I'm a parent consultant with Ensemble.

Ms. X: I'm Ms. X. I'm a parent with a son with an intellectual disability, and I'm on the committee with Ensemble.

Ms. Lisa Raffoul: First of all, we'd like to thank all of you for this opportunity for us to come and share our story and our information with you.

Ensemble has been around for just over 10 years. We are an independent resource for families in our community, families who have sons and daughters with developmental disabilities. Ensemble provides parent-to-parent support, information, advocacy and other related activities. We don't receive any financial support from government. All of our funding comes from fundraising grants and other donations.

Over the past 10 years, I've probably had the opportunity to listen to, speak with and work with hundreds

of parents. We're here on behalf of all of those parents to share their stories with you.

For over 30 years, families that have sons and daughters with a developmental disability have been advocating and pleading with government to invest in their children. To us, as parents, all of our children have value, and so do our sons and daughters who have a disability. Every time I say I'm going to speak at a conference or do a consultation or speak to a committee of government, some families will say, "Again? How much longer do we have to keep fighting and fighting and struggling and begging for money? Why does it have to go on?" Someone just mentioned about a month ago, "I could go back to minutes from 25 years ago and the message from families is still the same." This sector has been grossly underfunded for many years and it continues to be grossly underfunded.

It's an extraordinary situation when you have a child with a developmental disability or multiple disabilities, and even as we speak today and share our stories with you, I don't know if we're going to be able to help you understand the true impact on our lives. Families experience extreme stress from day to day. There's no relief. It's 24 hours a day, seven days a week. There's no break. Families experience emotional and physical trauma, emotional breakdown, pain, pain from stress. Not that they fell or got hurt, but we experience such trauma because of the stress in our lives. It's just amazing what people go through.

Marriages break down. There's stress on relationships and marriage in day-to-day life. There are financial pressures, there's work, there are other family relationships: There are all kinds of things that all of us deal with from day to day. When you have a son or daughter with a disability, all of those things are compounded 10-fold, 50-fold, 100-fold. It's just an extraordinary, very challenging situation.

Families experience a lot of guilt, not just the guilt of having a son or daughter who has struggles, but guilt for having to ask for support, guilt for having to ask for funding and guilt for having to ask their parents to help them out. People don't want to depend on the system, but we need assistance, and without assistance, some of the things that you heard about earlier—I know today you heard about waiting lists and special services at home. I can't tell you how crucial those supports have been for families, but it's not enough.

Families experience a lot of isolation, depression, sleep deprivation. We read about studies and the impact on people who work shift work, and then other people go to bat for them, their unions or their employers, on "How can we improve working conditions?" There's nobody helping us or supporting us, or fighting for us to improve our conditions when we don't sleep. Families that have children who have autism don't sleep because their children don't sleep. My son was medically fragile. I slept probably three hours every night for almost 15 years. The impact on your own health, your own mental health and your life is unbelievable.

We want you to appreciate what families are experiencing and invest in our children, our sons and daughters and our adult children.

Ms. X is a parent and she's going to share a bit of her personal situation with you.

Ms. X: Hi, and thank you for giving me this opportunity to share, as Lisa has become quite the confidant to me. I have a son who's 18 years of age. His name is Eric and he has an intellectual disability. As Eric grows in age, his choices are limited and the funding is not there to provide him the support that he needs, or me the support that I need to be an effective parent.

1350

I have made some life choices that probably haven't been the right choices because I was looking to escape. I needed some place to go; I needed somebody to listen, and there wasn't any place for me to go. So, in confidence, at this table, my choice became alcohol. That was my escape from my son: not wanting to come home, not wanting to have to think about going to bed and waking up the next day because I have a young man who's depending on his mom to get up and have coffee, have breakfast and continue the rest of the day.

I'm a registered nurse. For 22 years I've worked shift work. I've lost sleep because I have a son who depends on me to make sure that his needs are being met. There's no help; there's no funding.

I have a daughter who is 16 years of age and who has left me because she has difficulties understanding why my son has a disability, why her brother takes up so much time from Mom. Is that fair for her? Is it fair to my parents, who are in their 70s, to have to take care of my son? It's a shame that at times I go to bed and I say to myself, at the end of the night, "I love Eric with every being of who I am, but I hope that Eric will pass before I pass," because I don't want the responsibility given to anybody else, because I know what he needs. I don't know where he's going to get it and I don't know who's going to be there to provide it for him.

To sit here and talk on the emotions a parent goes through on a daily basis, I can't even begin to touch the tip of the iceberg. Eric will live in poverty. As he continues to live with me, I hope that he doesn't, but he will be restricted.

We need funding. As parents, we need help. I need to be able to live my life and my son needs to be able to live his life, apart from each other so that we both have a quality of life that's worth living. Sometimes I don't think my life is worth living, and I sometimes wonder how Eric feels about his life.

Ms. Lisa Raffoul: You can see that families are in crisis. Ms. X is one of hundreds of families in our community.

Families hit a real crisis when their sons and daughters leave high school. There's not enough funding for our children. You know the wait-list for special services at home and respite. We're asking for a 100% new funding investment. While that may sound ridiculous, because you're hearing from so many people today and there are

such priorities, like health care and education, how ridiculous or how does it sound when we give our sons and daughters a life up until they're 18 or 21 years of age? They go to school with their peers from day to day. They learn; they have a social life. And then all of a sudden, they turn 21 or 18 and there's no funding to support them.

Parents don't know what to do. We've teamed up with parents in Sarnia and Chatham and formed the Real People—

The Chair (Mr. Pat Hoy): If you could just move back from the microphone a little bit.

Ms. Lisa Raffoul: Sorry.

We formed the Real People Campaign and met with Minister Meilleur in 2008, up in her office, and she said, "Keep doing what you're doing." We've been doing this for 30 years. We don't know what to do anymore. That's why we welcome this opportunity to speak with you, the committee that focuses on finance and economic affairs.

There isn't enough funding in developmental services. I know that there is talk of a reduction and freezes in all sectors. We have never even been up to the level of funding that other sectors receive. So we're pleading with you again to invest new funding for our sons and daughters, so that they can have choice and a meaningful life.

A suggestion from families for the last few years has been to develop a database upon diagnosis so that government knows the predictions for the future and knows what's coming from year to year and the kind of funding that's going to be needed.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition; Mr. Barrett.

Mr. Toby Barrett: Thank you for presenting and thank you for the work that you've done; thank you to the people who initiated Ensemble. I guess one person is here who started it.

Ms. Lisa Raffoul: Me, yes.

Mr. Toby Barrett: How long ago was that?

Ms. Lisa Raffoul: Just over 10 years ago, in 2000.

Mr. Toby Barrett: I hear where you're coming from. I guess when parents discover they've got a son or daughter and they don't have a master's of social work degree or they're not a psychologist or don't have medical training, perhaps initially they're dealing with the hospital and then perhaps other services, perhaps eventually with the school system, and carry through that and other community agencies, and possibly the world of work—it goes on and on and on.

As an MPP, I have spoken with people and have some experience. I have found that parents—sometimes it's just one parent—are pretty well on their own. It's almost like some of the agencies or the school system are part of the problem, and they end up—one lady described it to me. Her son was, I think, 15 years old, kind of barely in the school system, and she had been dealing with assessment and referral people and case management people. As she described it, by the time her child was 15, she had dealt with about 70 different professionals. She said that she became skilled in being the case manager

for the case managers, to help them manage. She seemed to be doing this on her own. She was fairly organized; her employer was a large organization.

Does Ensemble help that way as well, and are there other Ensembles across Ontario?

Ms. Lisa Raffoul: Ensemble will assist families. Again, our funding is limited.

Are there other Ensembles? There are parent advocacy groups. Ensemble emphasizes partnership and we encourage positive relationships with schools, hospitals, government and support agencies.

We can't do our job because there are only two of us to support the number of families. And you are right: There are many families who take on a leadership role. I was one of those families myself. But we're a small amount of people in our province. It's not as easy as those of us who do the leadership and do our own case management. It's not that easy for probably 75% of the families in our province.

Families have said they're exhausted by having to be the ones to always take on a leadership role. Before my son passed away—he passed away a couple of years ago when he was almost 15—I was at my wits' end, saying, "I don't know how much longer I can do this," and I'm a strong person. I think I'm a natural leader, but I was getting tired.

As Ms. X mentioned, it's not something that she could do all by herself. We wish there were more of us at Ensemble, but I think the point here is, there is not enough funding in the system to support all families' choices. For families who want to manage and direct their own situation, that's great, but there are lots of other families too who need assistance, and there is no funding to support either situation.

Support agencies would give us the world if they could. Working closely in partnership with many organizations, it breaks professional support staffs' hearts to have to say no to a family. Even for myself, I called the director of developmental services in the spring. I said, "I don't know what to tell parents any more." They're encouraged to develop a plan and write a life plan and a proposal for funding, but there's no funding. Parents say, "I could write the most elaborate plan in the world, but if there's no funding to support my son's or daughter's situation, what are we to do?"

Mr. Toby Barrett: I hear what you're saying on the funding.

Secondly, you recommend maintaining a database that begins at diagnosis. That, I think, is partly addressing the falling through the cracks or the fact of dealing with many different organizations, maybe initially being transferred from one hospital to another, and then, unless the parents photocopy everything or sometimes you can't get access to all the files and things that were going on—which is probably too much to ask parents, to keep the database themselves with the myriad of organizations. How do we set this up?

1400

Ms. Lisa Raffoul: The database is not so much that the story is shared; it's that so the government knows statistics: How many people, how many children are in the system who are receiving support funding, and how many are going to be turning 18 in one year, two years, five years and 10 years? It's more for statistical purposes so that there can be predictions made and some knowledge of what's coming.

The Chair (Mr. Pat Hoy): You gave a very passionate story to us about your son. You did mention that "in confidence," you said. I don't know what you meant by that when you went into your personal history; you said, "in confidence." This is a public meeting, so I don't know what you meant by that or how much in confidence you wanted that to remain. Everything that's said here is recorded and will be printed at some point. Is that okay with you?

Ms. X: That will be fine. I think what's important to understand is that parents tend to hide. We hide; we don't want you to know what's really going on in our lives. We don't want you to know what we're doing to have to try and deal with the issues at hand, because there doesn't seem to be anybody listening. I've been fighting this fight for 18 years. I have a brother who is 47, who has a disability, and a cousin. I'm aware of what has been going on for the last 47 to 50 years in the community with government when it comes to funding. So, that will be fine if there's a need to publish it. If it brings more people forward to avoid the fears and the stigmas that go along with what we're challenged with on a daily basis as a parent and I can help them, then that would be fine.

The Chair (Mr. Pat Hoy): I just want to have a bit of a discussion about that with you. On the other hand, we can also have your name taken out of the record if all three parties were to agree and if that is what you want. We can have your presentation today as Ms. X.

Ms. X: That's fine, as long as I'm a representative here on behalf of all parents through Ensemble. That's my representation here. So, being Mrs. X or Ms. X is fine by me. I think what needs to—

The Chair (Mr. Pat Hoy): Or you can leave your name. Which way would you prefer?

Ms. X: It doesn't matter. I think what needs to be addressed is the concern that parents are challenged with choices and fears, and hide.

The Chair (Mr. Pat Hoy): With that said, I would—

Ms. X: Ms. X.

The Chair (Mr. Pat Hoy): Okay, good. Would the committee agree to that? We have agreement. Okay, then.

Ms. X: Thank you very much.

CANADIAN HEARING SOCIETY,
WINDSOR REGION

The Chair (Mr. Pat Hoy): Now we call on the Canadian Hearing Society, Windsor-Essex, to come forward, please.

Good afternoon. You have 10 minutes for your presentation. There could be five minutes of questioning, from Mr. Tabuns of the NDP.

Mr. David Kerr (Interpretation): Thank you, Mr. Chair.

The Chair (Mr. Pat Hoy): We'll need your names for our record.

Mr. David Kerr (Interpretation): Absolutely. My name is David Kerr, and I'm the regional director of the Canadian Hearing Society here in Windsor. Next to me I have Chris Kenopic. He's the president and CEO of the Canadian Hearing Society.

I don't need the microphone, so we can turn that off. I'll start by saying that.

All right. I guess I shall begin?

The Chair (Mr. Pat Hoy): You can start.

Mr. David Kerr (Interpretation): Great. Thank you very much.

Thank you, Mr. Chair, for allowing us to present this afternoon—it's much appreciated—to talk about the Canadian Hearing Society. I'd like to start off by saying that the Canadian Hearing Society is 71 years of age. We have been providing services in the community for 71 years. We provide a broad range of services and programs specifically for individuals who are culturally deaf, oral deaf, hard-of-hearing or deafened. We have 29 offices across the province of Ontario, and that includes, obviously, our office here in Windsor as well.

I've been involved with CHS and I see how very effective our work has been, of course keeping in mind the economic challenges that are being faced worldwide and specifically here in Canada and then in Windsor.

Having that in mind, I'd like to make three recommendations today, the first recommendation being that there is a strategic investment that will reduce cost and waste. I'll speak a little bit more about that.

We are aware of many people who are coping with hearing loss and mental illness. We know that many professionals who work in the mental health field are not equipped to be able to communicate with these consumers, so they really cannot understand when we have deaf, deafened, hard-of-hearing or culturally deaf people. What happens is they're typically being diagnosed or being given treatments that are more harmful than helpful. We're seeing many diagnoses that are inappropriate, and people are being placed in institutions, in hospitals and being left there when that's not the appropriate placement for them. They're bringing in sign language interpreters for many of these counselling sessions at a very high expense, all of which can be avoided.

What we are recommending—well, we have a proposal in for \$4.3 million to the government, and that's to expand our mental health services that we offer. That proposal has been in the government's hands for the last two years.

There's one specific situation that I'd like to share with you. In Windsor, we had a client who had a mental health issue and was placed in London; it was an institute

in London. We know that it cost about \$100,000 to \$500,000 to house this individual in this institution. This person was being housed without CHS's knowledge. When we learned about this individual, and we learned that they were spending \$500,000 to institutionalize this individual, we became involved. We started working with this person, realizing that the original diagnosis was in fact incorrect. We worked with them to get the appropriate assessments in place, and this person later was placed in a group home at the minimal cost of \$15,000, which is a huge savings.

This is one case. I cannot even speak to the number of cases there are out there in the province of Ontario where people have been diagnosed incorrectly because of communication issues and not being able to assess these people properly, so they just place them in institutions. It's costing a great deal of money to the government, but even more so, it's causing so many of our consumers to suffer. It's time for us to take accountability. Start to invest in this community, because it's going to be a huge cost savings in the long run and it's going to be much healthier for our community of deaf, deafened and hard-of-hearing consumers. I just can't emphasize that enough. So when I say \$4.3 million, I can't emphasize enough how much money that really will be in cost savings in the long run.

The next recommendation is in terms of partnering with the Ministry of the Attorney General, the Ministry of Correctional Services and the Ministry of Health. We have many individuals who, again, because of communication accessibility, are being placed in correctional institutions or having a great deal of issues in even trying to manoeuvre through the corrections system.

1410

I'm going to share one story with you. It's a very traumatic story. It was a deaf gentleman who was a happy citizen and he was wrongfully charged, and it was because there wasn't an interpreter. They didn't bring in an interpreter. They just went ahead, they charged him, and he was put in a correctional facility. And then after that point they then put him into a mental health institution for a great number of years, where he was placed on the wrong medication. CHS eventually began working with this client and realized all of the mistakes that had happened through the course of his life without access, without interpreters, without the proper assessments, without the proper diagnosis. This man spent 20 years in facilities because nobody could communicate with him. He lost 20 years of his life and had extensive damage from the medication that he was not supposed to ever be on in the first place.

We would like to prevent this from happening to anyone else. We want to prevent any further mental health issues, any further legal issues, whether it's working with police, hospitals, the court system, because in partnership we can only lead to a better society, and that's why we're asking for \$2 million for our diversion and specialized programming.

Our third recommendation is employment, which is of course linked with literacy as well. In Windsor we have a very, very high unemployment rate because of the economic situation, of which we're all aware. But we've been struggling to have employment services. We were working with another agency to try and ensure that there was accessibility and our clients could be served with communication. It wasn't 100% successful, and many of our deaf consumers just give up altogether because of the barriers to employment services and instead choose to just accept social assistance.

Literacy is a huge issue. They want to improve their literacy skills so that they can enter the workforce or can be promoted within the workforce, but it continues to be a barrier for so many of our consumers. We need to have literacy programming that allows for the opportunity so that these individuals can then further move towards employment opportunities; once literacy skills are developed, they're able to move on to post-secondary and then further on to employment opportunities.

Again, these are very, very key issues within the deaf and hard-of-hearing community, where there's a very high percentage of unemployed or underemployed individuals.

We know that individuals in Ontario with a disability, about 55% of working-age adults, are unemployed. For women with disabilities it's at about 75%. I want you to think about that in terms of the deaf community and then add the communication barriers that they face and how much that has an impact on our communities. It is time that we invest in the community so that in the long run we see the return. Again, literacy is an important piece of that employment puzzle; also with children and accessibility and communication and ensuring that we are meeting their needs at the agency.

These are the three recommendations for which we would like to ask your consideration today. Thank you.

The Chair (Mr. Pat Hoy): That completes the presentation?

Mr. David Kerr (Interpretation): Yes. Thank you.

The Chair (Mr. Pat Hoy): Now we'll move to Mr. Tabuns with questioning from the NDP.

Mr. Peter Tabuns: Mr. Kerr, thank you very much for the presentation today.

When you've approached government in the past, I assume making the arguments that you've made today and showing the examples that you have put forward, what sort of response have you had?

Mr. Chris Kenopic (Interpretation): Yes, we definitely have approached the government on several occasions, and I think that many of you have actually been involved in our Queen's Park day, where CHS comes. We've talked about employment services in the past. We've seen commitment and we've seen interest and we've looked forward to the process, but unfortunately it seems to have fallen apart from there, where we don't have a response.

We then had Queen's Park for a day, CHS at Queen's Park, and we talked about mental health issues. Many of

you, again, were involved there. We brought forward all of the facts, statistics, information. This time we brought individuals who were consumers. They had mental health issues or they had family members with mental health issues. We brought them to tell their stories as well. We had a very positive response that day, but we've heard nothing since. I'm not talking about the government that's even leading today, but governments of the past. I feel like we've been a mouse on a wheel and we just keep chasing it, and there isn't an outcome. We need to be able to reach the services. We have 500 cases currently for mental health services, but we have 250,000 people who in fact need the services across the province of Ontario. So the government, yes, is aware of it, but no, we have yet to receive the response.

Mr. Peter Tabuns: And when you talk about 250,000 people across Ontario, it's a very large population; \$2 million here and \$2 million there doesn't strike me as addressing the needs that you've been talking about.

Mr. Chris Kenopic (Interpretation): It isn't. It's definitely not enough, but we're trying to do what we can, because we know that, to date, we have received nothing. So we're worried; we're worried about what we could potentially get and what we'll get. Our CONNECT program, as it currently stands, has \$4 million in that budget, and it is at bare bones. We've just had to lay off two of our staff members. It's had a huge impact, which means that we're now even serving less of our consumers that need it.

Without the commitment, without the dollars that we truly need, we're going to lose more staff, which of course means less resources and less support. I think the investment that's been made to date has become such that it's not having the impact it should and it could. We need the money to be able to expand.

We're talking about Windsor, which is a very huge region, and you have to think about how far we have to go to reach specific consumers. It could be an hour's drive to reach one consumer because they need the accessible service. That could be a counsellor spending an entire day to work with this one consumer because of all of the travel. I'm asking you to consider those rural areas and those individuals who need the specialized service in those rural areas.

Mr. Peter Tabuns: So the amount of funding that you've put forward today, is that just for the Windsor area, or are we talking provincially?

Mr. Chris Kenopic (Interpretation): It's provincial, yes. Those are the dollars we're asking for, but of course money would be allocated for the Windsor area. As was said, we have 29 offices across the province. We have 22 CONNECT provincial counsellors that are working out of those offices. Windsor has two CONNECT counsellors, but again, it's not sufficient, it's not enough and it does not meet the need. I sat down with one of those counsellors this morning and they said how absolutely overwhelmed they are and how much an expansion would mean to them and to the community in which we serve.

Mr. Peter Tabuns: I don't have further questions, but I do want to thank you very much for the presentation.

Mr. Chris Kenopic (Interpretation): Thank you.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

MS. SHIRLEY ROEBUCK

The Chair (Mr. Pat Hoy): Now I call on Shirley Roebuck to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning, coming from the government in this case. I'd ask you to state your name for our recording Hansard and you can begin.

Ms. Shirley Roebuck: Thank you, Mr. Chairman. My name is Shirley Roebuck. You know what I'm going to tell you today is the truth, because I'm about to tell you my age. I am a 59-year-old resident of Ontario. I'm also a woman, daughter, cousin, friend and retired registered nurse, as well as a health care recipient.

I work with numerous community action groups. There's a group in Wallaceburg, Ontario called SOS. I am a member of the Ontario Health Coalition and I also work with the Sydenham physicians recruitment committee, a new little committee that's just getting on its feet. I'm doing all this to attempt to bring about change in social policies and improvement in my community's health care access.

I am currently employed as an adjudicator for disability, so I continue to witness the effects of health care restructuring on Ontario's public. I'm here today to ask you to consider the 2011 provincial government's budget and what it will do for and to Ontario residents. But having said that, please again accept my thanks for allowing me this opportunity to address this committee.

Public health care in Canada came about to ensure equity and compassion for all by removing financial obstacles to health care. It is still the most popular public program that exists in Canada today. Public health care has ensured equality and improved quality of life for endless people across Canada.

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There seems to be a masterful propaganda campaign which is aimed at destroying the public health care system in favour of privatization of health care services. Consultants' reports speak to privatization solutions when they are only opportunistic options to talk about elimination of public access to health services. The last report commissioned by the provincial government was prepared by TD Economics, which also sells private health insurance through their TD Insurance branch. The report is in direct contrast to the principles of equality and universality of the present public health care system. Why are our elected government officials asking organizations which are tied to industries which benefit from privatization to consult on public health care systems? Why are organizations given strategic opportunities, through consultation reports, to press for self-serving policy change?

Premier McGuinty has long said that the Ontario public health care system is unsustainable. The use of such reckless and untrue words frightens the Ontario public. The job of our elected officials is not to frighten, but to assure the public that government policy will benefit them, all of them.

This is not the view taken by the federal Liberals. In a speech to the Economic Club of Canada on December 14, 2010, the Honourable Ujjal Dosanjh, the Liberal opposition health critic, said, "Our fight is with those who seek to create fear in the minds of Canadians, so they can destroy public health care—the ideologues who want to tear up the Canada Health Act and replace it with something less universal, less equal, more private and less Canadian."

"These people sit in right-wing think tanks, on the Conservative benches in the House of Commons and in the Prime Minister's office. The Liberal Party of Canada will fight them every step of the way."

I do not think he imagined the Ontario Premier would be included in that statement.

The myth of unsustainability fades away in light of the facts. Ontario's spending on all government programs and services is low compared to other provinces and territories. We are third last, after Alberta and Saskatchewan, in total public spending on all programs and services as a percentage of GDP. In per person spending on all programs and services, Ontario is dead last. In terms of health spending, Ontario's spending per person is actually lower than almost all of Canada. Despite the government's crisis rhetoric, per capita public health care spending in Ontario is the second lowest of all of Canada, the lowest being Quebec.

While this government continues to support privatization and rationing of needed care while proclaiming that health care is eating up more and more of the provincial budget, what it fails to note is the total budget has been decimated by more than a decade of tax cuts. Those tax cuts are continuing, and the recession continues, and unemployment continues.

Seeing numbers and statistics which are related to health care delivery is a necessary part of budget preparation, but there is one part of budget preparation which has been overlooked for some years, and that is the human cost of Ontario's budget decisions. Hospitals have been hit hard by budget constraints, and for patients this has resulted in longer waits, earlier discharges, less care by qualified staff and increased out-of-pocket expenses for delisted services.

The provincial government has funded hospitals at less than the rate of inflation for three years consecutively, forcing hospitals to restructure. While local government MPPs continue to claim vast increases in spending, usually using nominal numbers not adjusted for inflation according to the provincial budget, global budgets for hospital operating were increased by 2.6% in 2007-08, 2.1% in 2008-09 and 1.5% in 2009-10. Ontario's hospitals have already been restructured for more than 20 years. From 1981, when hospital spending

comprised 52% of provincial health spending, hospital spending declined by 2008 to 37% of provincial health spending.

Measured on a per capita basis, government hospital spending has fallen as a share of per-person spending. In 1990, public spending on hospitals per capita was 47.7% of total government spending. In 1995, it was 45.2%. In 2000, it was 42.1%. In 2005, it was 40.5%, and by 2007, it had been reduced to 39.2%.

So why does our provincial government continue to tell the public that health spending is out of control? I think it is because the global provincial budget is shrinking due to corporate tax cuts, spending of health care dollars on non-front-line services, and various loopholes like those that exist in the employer health tax.

My local hospital, the Chatham-Kent Health Alliance, issued layoff notices for registered nurses and registered practical nurses. Beds have been eliminated. Physio services for in-patients have been downsized, and most physiotherapy services must be purchased by patients upon discharge. Cleaning and maintenance services have been restructured and downsized. Services have been removed from one campus and consolidated at the other.

There are two campuses at Chatham-Kent Health Alliance. Wait times in the Chatham emergency room average about six to eight hours, but there are numerous times when the wait has been longer. This fact exists despite the existence of a fast-track clinic manned by family physicians and nurse practitioners.

At times, the second campus, the Wallaceburg emergency room, experiences longer wait times too, but it is evident that both departments are needed if the people of Chatham-Kent are to be adequately served.

Beds have been eliminated at the Wallaceburg campus and at the Chatham campus. Admitted patients wait for extended periods in both emergencies, waiting for an admission bed. Patients have been discharged too early, causing return emergency visits and readmissions. Infection rates seem to be increased and persistent.

Many medical services have been consolidated at larger hospitals province-wide, and this is the scenario at Chatham-Kent Health Alliance. People must travel to the appropriate centre to receive the service they require.

I know of one gentleman who has a Wallaceburg physician but travels to Sarnia to see a vascular specialist regarding a leg wound. The doctor removes his dressing and says, "Carry on. I'll see you in two weeks." Then this gentleman must drive to Chatham to have his dressing reapplied because Sarnia-Lambton is a different area than Chatham-Kent. This poor fellow is 80 years old and he drives to all of these appointments himself.

People who have monetary restraints, transportation problems or child care or eldercare problems may not be able to easily travel to one city for health care and may choose not to attend services or appointments outside their communities. The people who cannot access health services in a timely manner will become more ill, more disabled and ultimately will become a greater burden on the health care system and society.

Many years ago, a nursing manager said to me, "Don't bother complaining until you have a solution," and I'm sure you must feel the same today. So I'm going to speak for myself, my family, many of my peers, my neighbours, my friends and the people I share my community with, and make the following recommendations:

- cancel corporate tax cuts;
- eliminate employer health tax loopholes;
- restore hospital funding to at minimum meet hospital inflation and stop service cuts;
- measure and meet needs for medically accessible services in all settings, including home care, long-term care, mental health care, palliative care and restorative care;
- cancel competitive bidding, P3s and pay-for-performance hospital funding;
- curb excessive administration and executive costs in health care;
- listen to your federal Liberal counterparts.

Ontarians and all Canadians want public health care to continue and thrive.

The Chair (Mr. Pat Hoy): I'm going to have to stop you there. You're a little over as it is. I thought you would be finished there.

Ms. Shirley Roebuck: Thank you.

The Chair (Mr. Pat Hoy): Now we'll go to—is it the government? It is the government. Okay, then.

Ms. Leeanna Pendergast: Thank you, Shirley, for being here today, and thank you for taking time to put together this comprehensive package. You certainly have worn many hats in your career. We thank you for the composite knowledge you bring today. And at 59 years old, not only did you say it out loud, you put it in writing, so you are a courageous woman as well.

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Ms. Shirley Roebuck: This is all the truth.

Ms. Leeanna Pendergast: Yes, it's in writing; we see it.

Just a couple of comments, which are going to culminate in a question: You said that the role of government officials is not to frighten, and we would agree with you 100%. Absolutely. But this government is committed to being transparent. When you're transparent, sometimes the news is difficult. We are in difficult economic times, and we do understand that there needs to be a fine balance.

Health care needs to be sustainable, which is not the same as not sustainable, but it needs to be sustainable, and that's what the Premier acknowledges. For sure it's a priority, but it's important to hear—and we heard a presentation yesterday that was very similar in the area of health care, which you focus on.

You mentioned your priorities toward the end of your presentation. I'm sorry, I didn't get to read all the charts and everything, but if we flip to the third last page, Shirley, and your comment about your nursing manager who said, "If you don't offer a solution, don't bother talking"—I think you're on the right track, because that's why we're here. We're here to listen to you, obviously

collectively, and as you said, we need to come up with a solution on how to deal with these very difficult problems and maintain the fine balance. It's hugely difficult. I noticed you were here earlier, so you heard the presentations where the concerns are very legitimate and very alarming.

When I look at your list of the seven recommendations—thank you for that—I'm going to assume that they're not prioritized, just because you focus on number 7, that "all Canadians want public health care to continue and thrive." Of course, we agree with that. Are these prioritized, or would you prioritize them, or would you want to leave us with one or two things that you would say are definitely a priority?

Ms. Shirley Roebuck: These are simply listed for you and not prioritized. I'll pick out two for you.

Ms. Leeanna Pendergast: Okay.

Ms. Shirley Roebuck: "Restore hospital funding to at minimum meet hospital inflation and stop service cuts," and I'm going to pick "eliminate employer health tax loopholes." The reason I've chosen number 2 is that by simply eliminating all of the loopholes that exist in the EHT, there would be \$1.1 billion available for health care.

My experience in the last 10 years of the 59 years I've been on earth has been in small, rural hospitals. That would certainly go a long way to funding the continuance of rural hospitals, which are not in any way to be compared to large tertiary care centres. But I'll tell you the one thing that rural hospitals do: They give every Ontarian the chance to get the care they need. They receive a client, they stabilize that client and they get them where they need to go. They give every Ontarian the chance for equal access to timely care.

I think I've already spoken to the reason that I chose the third. Please don't cut anything more.

Ms. Leeanna Pendergast: The \$1.1 billion that you cite in savings, is there a study to support that number?

Ms. Shirley Roebuck: I will get it to you.

Ms. Leeanna Pendergast: That would be very helpful.

Ms. Shirley Roebuck: I can't remember whether I've actually put it in there, but I will.

Ms. Leeanna Pendergast: Okay, and that will be forwarded to the clerk?

Ms. Shirley Roebuck: I will.

Ms. Leeanna Pendergast: That would be wonderful. Thank you very much, Shirley, for your time.

The Chair (Mr. Pat Hoy): Thank you. And if you do provide other information, do send it to the clerk, and then every member on the committee will get it.

Ms. Shirley Roebuck: Thank you so much.

VOICES AGAINST POVERTY

The Chair (Mr. Pat Hoy): Now I call on Voices Against Poverty to come forward. Good afternoon. You have 10 minutes for your presentation. The questioning this time will come from the official opposition. It could

be up to five minutes. Before you begin, just state your name for our recording and then you can begin.

Ms. Donna Labonte: Good afternoon. My name is Donna Labonte, and I'm here as a member of Voices Against Poverty.

Voices is a local group of people with lived experience of poverty who are advocating for changes in public attitudes and government policies that will ensure that all people in Windsor-Essex have enough resources to live with dignity and participate fully in their communities. Voices has been working closely with Pathway to Potential, Windsor-Essex's local poverty reduction strategy, to ensure that all community members are valued and included.

Between April and May 2010 Pathway to Potential and Voices Against Poverty jointly held five social audit hearings throughout Windsor and Essex county. The hearings averaged more than 70 community members with the lived experience of poverty and about 70 service providers across the city of Windsor and the county of Essex.

Hearings were being conducted in over 20 to 26 communities across Ontario as part of the Interfaith Social Assistance Reform Coalition, otherwise known as ISARC. It's a social audit. The audits were used to gauge the status of poverty across the province, to assess the effectiveness of Ontario's poverty reduction strategy and to provide a space for those affected by poverty to voice their concerns.

Some of the main themes that emerged from these hearings included the need to address the stigma associated with living in poverty. Many participants expressed that they feel marginalized and invisible in their communities due to their experiences with poverty.

Consistently throughout the hearings, we also heard participants raise the critical issue of food security. Many of those experiencing poverty are unable to afford healthy, fresh foods, which are crucial to good health and preventing disease. Participants expressed frustration over the difficult choices they had to make when deciding where to spend their limited income. It often comes down to paying your hydro bill before your grocery bill.

Hearing the stories of so many community members who are struggling reinforces the critical need to address social assistance rates, which continue to be too low to lead a healthy and dignified life. We are aware that the provincial government is currently undertaking a social assistance review which is set to be completed in 2012. While we are sure this review will help to address many of the concerns over current inadequate rates, many are struggling now and need solutions sooner than in 18 months.

As such, we are calling on the government to implement a \$100 healthy food supplement to be given to all people in receipt of Ontario Works and ODSP. This would represent a critical first step towards addressing the inadequacy of current social assistance benefits. This program would help many people struggling to make their social assistance stretch the whole month, a difficult

task when you're living off about \$592 a month for a single Ontario Works recipient.

I thank you for your time and appreciate the opportunity to bring forward some of our concerns.

The Chair (Mr. Pat Hoy): Thank you for the presentation. The questioning goes to the official opposition. Mr. Barrett.

Mr. Toby Barrett: Thank you for the presentation. One specific thing that came forward in the Ontario Legislature was a private member's bill which I put together based on hearings and various ideas that we heard during this finance committee last year. It focused on the large number of people on ODSP who have a very low income, especially those who are living on their own, people who just don't have opportunities to work because of either intellectual disability or other disabilities. The purpose of this legislation was to create a climate where more employers would know about the benefits of bringing in somebody with a disability, perhaps bringing them on part-time—benefits not only for the employer but also for the person themselves.

Interruption.

Mr. Toby Barrett: Did I do that?

The Chair (Mr. Pat Hoy): Your BlackBerry.

Mr. Toby Barrett: Oh, maybe it is.

Several other aspects of this proposed legislation were to allow people who are working when they're on a support program to keep more of the money without having it clawed back and, secondly, to allow them to retain more of their assets, to have a bigger bank account, for example, without being penalized by a program like ODSP. It was fairly specific. It tried to summarize a lot of talk last year into some action. Do you have any comments on that?

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Ms. Donna Labonte: I know for myself, I'm not only a volunteer with Voices Against Poverty, but I also do part-time work with Pathway. It is a big program. It could be improved upon in some ways because you do have some individuals who have families. If they do not make enough from the work, then they have to have something that supplements that as well as give them an incentive to go out and continue to work. That's what I think: the more things we give them for a life of dignity and not penalize them for having too much money.

Mr. Toby Barrett: There seem to be so many organizations, agencies and government departments, both federal and provincial, devoted to either getting people back into the workplace or improving literacy, improving educational levels or training, with the ultimate goal to get them back to earning some money. Is there anything we should be doing further there? I wonder to what extent these organizations are coordinated.

Ms. Donna Labonte: What we are also trying to do with the healthy budget—that prevents some diseases because when they have a healthier attitude and they're eating health and that, that helps them want to continue to work and not have to worry about what is wrong with their health in some ways because of the lack of nutrition.

Also, if you're going to talk about education, try to gear it towards what's actually relevant to now, to what kind of work that they can do and that employers are looking for instead of just letting them pick whatever way they go. Sometimes some people may have too many people going in one area of education and not in another. They can be useful in many different areas if they try.

Mr. Toby Barrett: Okay, thank you.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

25 IN 5 NETWORK FOR POVERTY REDUCTION

The Chair (Mr. Pat Hoy): Now I call on 25 in 5 Network for Poverty Reduction to come forward. Good afternoon.

Mr. Adam Vasey: Good afternoon.

The Chair (Mr. Pat Hoy): You have 10 minutes for your presentation. Mr. Tabuns of the NDP will have the opportunity to ask questions if he chooses. If you state your name, you can begin.

Mr. Adam Vasey: Thank you. My name is Adam Vasey, and I am here on behalf of the 25 in 5 Network for Poverty Reduction. I want to thank the committee for the opportunity to speak to you today.

The 25 in 5 Network for Poverty Reduction, just briefly, is a multi-sector network comprised of more than 100 provincial- and Toronto-based organizations and individuals working on eliminating poverty. I'm also the coordinator of our local poverty reduction strategy, Pathway to Potential.

We're nearly at the halfway point of the provincial government's commitment to lift 25% of Ontario children and families out of poverty by the year 2013. Making good on this commitment would distinguish Ontario as the first jurisdiction in Canada to set a poverty reduction target and timeline and deliver on the promise.

This is smart policy, lifting 103,000 children and families out of the depths of poverty and filling a new generation with the hope of economic opportunity. It is smart policy to invest in strong, inclusive communities and a competitive workforce that can respond to the challenges of a global economy in transition. Such investments must include equitable and inclusive education and skills training, supportive income programs, employment equity, early learning and child care.

The 25 in 5 Network for Poverty Reduction recently released its second annual report tracking the government's progress on its commitment to reduce child and family poverty by 25% in five years. In this report, 25 in 5 made note of two significant but not insurmountable challenges for government to overcome in order to reach its poverty reduction goal: (1) keep poverty reduction on the front burner and (2) stay the course in troubled times.

The first challenge is to keep poverty reduction front and centre on the agenda, and this requires making substantial multi-year investments in programs that have

proven to work, continuing with the 2011 budget. In the second year of the government's poverty reduction strategy, progress was already made with investments in areas such as child care, workplace standards, HST tax credits and full-day kindergarten. But there have also been missed opportunities such as the troubling decision to cancel the special diet allowance and replace it with a more limited program and a lack of new investments in areas like the Ontario child benefit, housing affordability, employment equity and income adequacy for more and more people forced to rely on social assistance. Clearly, there is work to be done.

Recently, the government's own Social Assistance Review Advisory Council recommended an overhaul of income supports to transform the current system into programs that show Ontarians a pathway out of poverty rather than confine them to the margins. The announcement of a social assistance review in December is encouraging in this respect. As we near the midway point, Ontario requires decisive, timely initiatives to accelerate the province's poverty reduction promise. There is still time to refocus and make good on the promise, starting with this 2011-12 budget.

The second challenge facing government stems from the global economic recession. Recessions tend to push more people into poverty, so the timing of the province's commitment to lift children and families out of poverty couldn't have been better. Ontario was smart to stay the course on poverty reduction. Investments in the Ontario child benefit and minimum wage increases helped to stimulate local economies at a time when they needed it most.

Though more children and their families fell into poverty during the recession, government action at the height of the economic downturn prevented many from spiralling into deeper poverty. However, some are now using government deficits caused by stimulus investments as an excuse to call for spending cuts on public services that all Ontarians rely on. We must not repeat the mistakes of the 1990s. During the last recession, Ontario's poorest households were hardest hit by the economic downturn, and it took them much longer to bounce back. Severe cuts to social programs were accompanied by a scapegoating rhetoric that targeted the most vulnerable in our province. This divisive approach to politics drove wedges between us and failed to accomplish the important task of lifting Ontarians out of poverty. Making the same mistake again isn't an option.

I'm just going to briefly present 25 in 5's priorities for action in the upcoming budget.

Putting poverty reduction on hold during an economic slowdown only makes income inequality worse. In the coming budget, Ontarians are looking to their provincial government to implement and fund smart policies that achieve four core goals during the next period of economic recovery.

First, ensure no one falls through the cracks during times of need. This requires implementation of policies to ensure unemployed Ontarians have a secure safety net

that allows them to live in dignity and develop their skills to get back into the labour market. This includes starting the income security review and building livable incomes. The province has announced a much-welcome review of social assistance, but at the same time that the review conducts its work, it's critical that action be taken to raise the incomes of people on social assistance, as social assistance incomes today have the same purchasing power that they did in 1967. The incomes of people on social assistance need to be increased immediately through measures such as the \$100 healthy food supplement. Ontario should also immediately implement some of the rule changes recommended by its own Social Assistance Review Advisory Council, including the asset limit rules.

Second, invest in people, their skills and their efforts to secure work. This includes listening to lived experience. People living in poverty have expertise on actions that need to be taken to make life better. Government must create a community-based, inclusively representative advisory committee to provide expert advice to the government's results team and must ensure that the social assistance review has a central role for those with lived experience. There also needs to be a strategy for disproportionately poor communities and increased supports for post-secondary education and training.

Third, we need to ensure that jobs are pathways out of poverty. This must include a good jobs strategy. Boosting the minimum wage to \$11 in 2011 and indexing increases to inflation, as well as improving employment standards enforcement and bringing forward a comprehensive employment equity initiative, are also vital. Income supports, such as child and housing benefits, as well as dental care, also make work a sustainable option for individuals and families. Retraining and education programs are also in critical need of the additional funding required to meet higher demand. Within jobs as well, we need to focus on dental care for low-income Ontarians. The province has moved ahead on a new community-based preventive-focused program targeted at children, but full implementation of the commitment on dental care must also include a focus on low-income adults.

Fourth, we need to create an infrastructure for opportunity. Keep investing in programs to support a strong economic recovery. Early learning and quality child care, affordable housing and affordable, dependable transit all help people get to work, and make cities work too.

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In conclusion, Ontario families are worried, and just like they did at the start of the recession, they are turning to their governments for leadership in tough times. An austerity agenda that walks away from poverty reduction and eliminates the public services and programs that all Ontarians need only adds to the worry. Without an investment plan in the 2011-12 budget, Ontario will not meet its goal of reducing poverty by 25% by the year 2013 and families will falter—and Ontario, already

struggling from the weight of a global recession, will fall farther behind. It's an outcome we cannot afford.

Poverty reduction benefits everyone. Building healthy, safe communities where everyone belongs and everyone has a chance to bounce back from misfortune is the epitome of good government. It's why the provincial government needs to renew its efforts to reduce poverty post-recession. As Ontario nears the halfway point of its poverty reduction timeline, the mission must be to stay focused and to make good on the promise. Thank you.

The Chair (Mr. Pat Hoy): And thank you. We'll now move to Mr. Tabuns of the NDP for his questioning.

Mr. Peter Tabuns: Thank you very much for coming and making the presentation today. Have you been tracking the impact of the programs? It was a 25% reduction in poverty over five years. We're three years into that. How much of a reduction has there been?

Mr. Adam Vasey: Unfortunately, it's—there was some improvement with the initial investment in the Ontario child benefit supplement, but there is real concern that, as I mentioned in the presentation, given the economic situation right now, we really are looking at a situation where we require accelerated investment to meet those targets. I think the initial poverty reduction strategy and the intentions were on course to meet those targets of 25 in 5, but I think there have been circumstances subsequent that require us to take a really hard look at it again and reinvest in poverty reduction, knowing that that really is a real key to stimulating the economy, getting people back to work and getting people back on their feet.

Mr. Peter Tabuns: Okay. You note that it would be useful to carry forward the rule changes that the social assistance advisory group put forward. Can you tell us what impact they would have on the number of people in poverty or the depth of their poverty, if those rule changes were actually put in place?

Mr. Adam Vasey: It's something we heard from Ms. Labonte from Voices Against Poverty, that it's consistently heard over and over again when we are consulting with people in the community: These rule changes would have a significant impact in allowing people to get back to work and to retain more assets. It's crucial—we hear over and over the importance of transportation in the community, of accessing the services and the programs that are available in the community. It's those rule changes that often aren't given a lot of attention that do actually make a big difference. They're something that we've heard anecdotally from people over and over, that it would have a significant impact. I know the social assistance review council spent a considerable amount of time hearing from communities about those rules and the barriers that they pose, so I think they would have a big impact right away.

Mr. Peter Tabuns: Okay. I don't have further questions, Mr. Chair. Thank you very much, by the way.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Adam Vasey: Thanks so much.

UNIVERSITY OF WINDSOR STUDENTS' ALLIANCE

The Chair (Mr. Pat Hoy): Now I call on the University of Windsor Students' Alliance to come forward. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. The questioning will come from the government side in your case. If you would just simply state your names before you begin for our recording, then you can start.

Mr. Robert Woodrich: My name is Robert Woodrich.

Ms. Kim Orr: My name is Kim Orr.

The Chair (Mr. Pat Hoy): Go ahead.

Mr. Robert Woodrich: We're here on behalf of the University of Windsor Students' Alliance. We primarily advocate for, represent and provide services to students at the University of Windsor, representing roughly 12,000 people. As I mentioned, my name is Robert Woodrich. I'm a vice-president at the students' alliance.

Ms. Kim Orr: My name is Kim Orr and I'm the senator in charge of external policy coordination for the WSA.

We'd like to emphasize to you what it's like to be a student, not only in Windsor, but across the province. Both of us have just come from a class that ended and are going back to classes as soon as this ends. We work full-time or part-time jobs. We take on extracurricular activities. We're trying to apply to master's level programs or law schools because having an undergrad degree just isn't enough in today's job market. It's a lot of multitasking for students to do. It's multitasking that they shouldn't have to take on in conjunction with trying to get top grades and trying to excel in university. It's important to assist students in mitigating the burden of attending university through better funding.

Mr. Robert Woodrich: Part of our mandate is to ensure that all qualified students are able to access post-secondary education in Ontario, especially in Windsor. With that in mind, I'll introduce what we'd like to speak about today.

In a broader sense, we acknowledge that in recent years, a \$6.2-billion investment was made through the Ontario government's Reaching Higher plan, which allowed 100,000 new spots to open at Ontario universities. With another 50,000 students expected to enter the system in the next five years, further investment will be required not only to accommodate this growth, but also to simultaneously enhance the quality of the student experience. The University of Windsor Students' Alliance recognizes the government's tough financial position.

Ms. Kim Orr: We urge you not to be deterred by what might seem like a large upfront cost, but look at the benefit in the long run. Seventy percent of jobs in the next 10 years are going to require a university degree and you need to begin to prepare the workforce to represent this need. Windsor is a perfect example of how factory

jobs are disappearing and people can't enter into the workforce directly after high school. University is becoming mandatory.

Mr. Robert Woodrich: Undergraduate students in Ontario are now charged the highest tuition in the country at an average of roughly \$6,300. It is therefore necessary that student financial assistance be strengthened in Ontario to ensure that no student or family feels that the opportunity for higher education is beyond their reach. So we're presenting three specific proposals to lower student debt and increase assistance available to students. Our first proposal is that student debt be significantly reduced by lowering the Ontario student opportunity grant debt cap to \$6,250. It's presently at \$7,300.

We feel that student debt in Ontario is reaching a crisis point. The average student debt last year was \$26,680 and this does not include the substantial portion of students who are taking on private loans and credit card debt to finance their education. The OSOG acts both as a non-repayable fund for students and as a cap on repayable debt, so it was met with disappointment by students when the OSOG threshold was increased to \$7,300 after years at the \$7,000 threshold, which capped their four-year degree debt at \$28,000.

For me, personally, this would have meant an additional \$1,000 of debt, or roughly 100 hours of work at the minimum wage level, which is common in an area such as Windsor. In the meantime, that would have been in addition to my \$28,000 of debt, meanwhile with interest accumulating and taxes being taken from that wage. Placed within that greater context, it would actually add to the psychological burden already shouldered by students.

The Chair (Mr. Pat Hoy): When you're speaking, if you could just move back a little from the mike. We're getting a little problem there. Go ahead.

Mr. Robert Woodrich: This year, students suggest lowering the OSOG threshold to \$6,250 to cap student debt for a four-year degree at \$25,000.

Our second recommendation is to make all Ontario students eligible for Ontario access grants rather than just first- and second-year students. Low-income students are more than twice as likely to not attend university. The participation gap between students from low- and high-income families has been increasing every year since 2003. Low-income students face significant financial barriers to pursuing higher education and many are averse to taking on higher debt loads in order to finance their education. To raise participation rates, more should be done to ensure the removal of those initial financial barriers faced by low-income students.

Ms. Kim Orr: When trying to fill the extra 100,000 seats that the Ontario government has given access to, those additional students are not going to come from parents who already have a university degree; they were going into university anyway. That increase in attendees at university is going to come from rural area students, from low-income students. Providing access for them to

make university education more attainable is a very important step in ensuring that the workforce has a university degree.

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Mr. Robert Woodrich: The McGuinty government, in 2005, reintroduced upfront grants after an absence of 12 years. In particular, the Ontario access grant is meant to support students from low-income families and converts between 25% and 50% of a student's tuition into a non-repayable grant. In 2009-10, 58,000 post-secondary students benefited from these Ontario access grants. However, the Ontario access grant is only available for the first two years of study at present, while low-income students have need for all the years of their education.

Ms. Kim Orr: Your tuition doesn't go down by the time you reach your fourth year of education. In fact, it goes up by approximately 8% a year, so there's no sense in only giving it to first- and second-year students. Many students drop out of university because it becomes too much of a financial burden, and then they've taken on a substantial amount of debt for no reason. It's debt they have to pay back without a university degree.

Mr. Robert Woodrich: Studies have shown that low-income students in particular are more receptive to grants than repayable loans, but there is inadequate targeted assistance. Eligibility for these grants should be extended for all years of undergraduate study. The cost of this change has been estimated by the Ministry of Training, Colleges and Universities at \$37 million.

Our third recommendation is to reduce the expected parental contributions of Ontario student loans to increase assistance and extend eligibility to more middle-income families. At present many middle-income families are struggling, especially within the greater context of a depressed economic climate, and cannot fully support the cost of their children's university education. Windsor students are asking for more students to be eligible for financial assistance from the province.

The Ontario student assistance program consists of two separate loans, one from each of the federal and provincial student loan programs, integrated into a single loan known as the Canada-Ontario integrated student loan. The most significant difference between the two loans is in the amount that parents are expected to contribute to their children's post-secondary educations. The disparity between the federal and provincial assessment of a moderate standard of living is what makes affording post-secondary education in Ontario harder for Ontario families than in other provinces. This is outlined in the chart on page 3 of our submission.

A higher moderate standard of living results in a lower annual discretionary income, and thus a lower parental contribution. As the numbers illustrate, the federal government's calculation is significantly more generous than Ontario's: a full 28% higher for a family of four.

Ms. Kim Orr: Middle-income families cannot save enough money for their children's post-secondary education, forcing many students to take on dangerous

levels of private debt or work more hours to finance their education. Harmonizing Ontario's parental contribution requirements with those of the federal government would make significantly more middle-income families eligible for financial assistance and allow low-income and middle-income students to receive significantly more assistance from both loans and from grants.

The Ministry of Training, Colleges and Universities has estimated the cost of harmonizing at \$60 million.

Mr. Robert Woodrich: Another significant issue for students is student support services. At present, Ontario enjoys a high post-secondary participation rate, but other countries are catching up. To compete in the knowledge economy, we must have the best and brightest workforce, not simply the handout of most credentials. The Reaching Higher plan intended to improve the quality of the student experience. However, enrolment pressures swallowed much of the new funds during those years.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Robert Woodrich: Okay. Thank you.

Our final recommendation is to directly target university funding to improve student support services, in particular those for international students that we are actively attempting to recruit to Ontario.

Ms. Kim Orr: The University of Windsor in particular has one of the highest international-to-domestic student ratios in the entire country.

Mr. Robert Woodrich: That is basically our submission to you. We thank you for your time and we would be happy to answer any questions that you may have for us at this time.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Chair. Robert and Kim, thank you for being here in your busy schedules. Your day appears to just be in midstream, so thank you for taking the time. We appreciate your comprehensive report. For sure, there's a lot of information in there to ingest very quickly.

We heard from the university students' council at UWO yesterday. Rather surprisingly, it's not necessarily a consistent presentation that we're hearing from you today; there's more comprehensive information that we're getting from you today, and we appreciate that.

Recommendations 1 and 2 would be consistent. Recommendation 3 I love. I have a son who's going into first year next year, another son going the next year after that and a third son going immediately after that, so I'm loving the "reduce the expected parental contribution." I hear you on that one.

Recommendation 4, where you talk about targeting university funding to improve student support services: We did hear from them as well to target that funding toward staff training. They were very concerned that a lot of staff and professors don't have adequate training to be teachers. I have a B.Ed. I taught for 22 years. They made that differentiation between university and college and post-secondary training. Do you have any comments on

that? Have you heard anything concerning that kind of training? Would you directly target that funding to go to improving student services and staff training?

Ms. Kim Orr: I think staff training is a very crucial part of targeting that funding.

University of Windsor students would love to see the equivalent of a research chair at universities but in fact it would be a teaching chair, to allow teachers to focus on pedagogy and just learning about learning.

It's very important that the people who are going to go on to become professors have the experience of having good teaching so that they can also, when they finally get to the point of being professors themselves, teach well. So we would love to see more emphasis placed on teaching quality.

Ms. Leeanna Pendergast: Thank you. And I appreciate your comments about the access grants, the upfront support. We heard that as well in comments about the education tax credit being sort of after the fact. They'd like to see—and I don't know how you feel about this—the upfront funding as well, in terms of grants, parents, a tuition freeze, which is different than a tax credit.

Ms. Kim Orr: We would love to see the grants moved to being upfront. Right now, we feel that they benefit the wrong type of people. It's going to higher-income people who, once out of university, can actually claim the tax credits, whereas we'd prefer to see it go to lower-income and middle-income families at the beginning of university, when the barriers are there.

Ms. Leeanna Pendergast: Are you hearing anything from your membership on Reaching Higher or any requests to renew that?

Mr. Robert Woodrich: Absolutely. It is in the interest of university students in Ontario to have another long-term plan similar to the Reaching Higher plan.

Ms. Leeanna Pendergast: And that was my next question. We heard that they're asking for a five-year plan from MTCU. Have you heard anything about—it doesn't have to be a five-year plan, but are you proposing anything in terms of a long-term plan?

Mr. Robert Woodrich: Through the Ontario Undergraduate Student Alliance, that is one of the things that we are seeking. I personally haven't heard of a potential plan.

Ms. Leeanna Pendergast: So further discussion down the road?

How much time, Chair?

The Chair (Mr. Pat Hoy): A minute and a half.

Ms. Leeanna Pendergast: Mr. Delaney, did you want to jump in with—he has a question for you. Thank you.

Mr. Bob Delaney: Yes, a quick one. While I was overseas this past year, one of the things that struck me was the thirst to attend Canadian educational institutions, both in their country and here. Does the reverse also hold true? Do you think at this point that Canadian university students, particularly undergrad ones, would like to pursue all or a portion of their undergrad work overseas?

Ms. Kim Orr: I know there has been an increase in students who are going overseas for semesters at a time and increasing exchange programs, so I know that students are definitely interested in obtaining at least part of their education abroad. It gives a unique experience that can't be matched any other way.

The Chair (Mr. Pat Hoy): Thank you for your submission.

Mr. Robert Woodrich: Thank you very much.

GRAIN FARMERS OF ONTARIO

The Chair (Mr. Pat Hoy): I call on the Grain Farmers of Ontario to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning, and the questioning this round will go to the official opposition. Simply state your names before you begin, and you could do just that: You can start.

Mr. Mark Huston: Good afternoon. Mark Huston.

Ms. Erin Fletcher: Erin Fletcher.

Mr. Mark Huston: Honourable members, good afternoon. I'm an executive member on the board of the Grain Farmers of Ontario. I'm joined by Erin Fletcher, our manager of public affairs and communications at GFO.

My family's been farming in the Chatham area since 1830, with myself joining shortly after completion of my university education. For two years, I was a director on the Ontario Soybean Growers board, and recently I was elected to my second term with Grain Farmers of Ontario.

Grain Farmers of Ontario is the province's largest and newest commodity organization. We represent 28,000 corn, soybean and wheat producers. We were formerly the Ontario Corn Producers' Association, the Ontario Soybean Growers and the Ontario Wheat Producers' Marketing Board, and we amalgamated in January 2010, so we're just a year in.

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Our crops cover approximately five million acres of farmland across this province, generate approximately \$2.5 billion in farm gate receipts, and also result in approximately \$9 billion in economic output and are responsible for over 40,000 jobs in this province.

We're here today to emphasize the importance of investing in research and market development in Ontario to ensure a productive and profitable future for farmers in the province.

Research is critical to the future of agriculture in Ontario. New varieties of grain have resulted in higher yields, better disease and insect resistance, and higher-quality food. Higher yields mean that we get more food from less land. For example, an investment in wheat research over the last 15 years has increased the winter wheat yield by approximately 26%. Wheat production has almost doubled over the time, and the value of the winter wheat crop has also more than doubled. This increase in production and the introduction of new qual-

ity attributes has spurred an increase in milling and baking and other food processing in Ontario, creating jobs and wealth for the entire province.

Market development, both domestically and overseas, is also critical to our success. It also continues to benefit the Ontario economy. One of the biggest achievements of our market development program and one of the biggest wins for the Ontario economy has been the ethanol growth fund and the renewable fuels mandate of 5% for ethanol. The ethanol growth fund has helped keep Ontario producers viable during extremely volatile commodity environments. Ontario capacity has grown to over a billion litres per year as a result of this. This has meant approximately a quarter-per-bushel multiplier effect to the improvement of the price of corn in Ontario. This is also multiplied by the effect of farmers spending the extra income they have within the rural community. The ethanol industry's growth over the past 10 years has definitely been a win for all of Ontario.

Farmers in Ontario invest over \$1 million annually into research that will advance our three crops, both from the aspect of production and also specialization of new markets. This money is multiplied by investments from the government and industry at approximately 3 to 1. In Ontario, one of the reasons we've been so successful with our research program is the investment of the province and the federal government in a program called FIP, the farm innovation program. This is a four-year federal-provincial partnership that will ensure research projects that will advance crop yields, disease resistance and grain quality, adequately funded, and we thank the government for that contribution. This program is set to expire in 2010, and our organization wants to stress the importance of continuing this valuable program in the 2013 budget to ensure the continuous research efforts are met.

Our immediate need, however, and one of the reasons we are here today, is to deliver information gleaned from these research projects to the farms where the results can truly be seen. This province is lucky to have a team of farm extension experts from the Ontario Ministry of Agriculture, Food and Rural Affairs who work on farms directly with our farmers to solve problems and implement research results. They have years of experience and practical research and are trusted by our 28,000 members. Cuts to this extension program would be devastating to our research investment. The practical application of millions of dollars of research would be compromised. We ask today that the work these men and women do in the field be strongly supported in this budget through increased allocations to the extension programs at OMAFRA. This will ensure the extension program continues to be a valuable resource that has the most direct benefit to Ontario's grain farm profitability and, as a result, contributes to a thriving rural economy in Ontario.

Also within research, our organization has been working closely with seed companies in Ontario to encourage farmers to utilize the latest research through enhanced

genetics offered from certified seed. Over the past 15 years, the Ontario wheat industry has made tremendous gains in innovation, almost all funded through the sales of certified seed. In Ontario, if farmers are to continue to be competitive and able to capture new opportunities, they will continue to need new advanced seed varieties. However, in the current fiscal environment where business costs continue to rise, the sales of certified seed continue to decline as farmers reduce costs by saving seed.

Given that the majority of farmers equate the use of certified seed with success, an incentive to help offset the cost of certified seed is an excellent way to build up the resources needed for wheat breeding and research to advance the Ontario grain industry.

The seed trade has developed a plan to benefit farmers through improved quality assurance from new and improved varieties, and also the province through new farm innovations that will have major returns to the economy. The seed trade and the Grain Farmers of Ontario propose a tax incentive program. It would work by allowing farmers to claim the costs of certified seed on their income tax forms by providing receipts. The province then would reduce the provincial income tax payable by 50% of the total cost of the seed. The cost to the province would be approximately \$11.57 million on an estimated total cost of certified seed of \$23 million.

Using a model developed by the George Morris Centre, the seed trade calculated the benefits of introducing new varieties to farmers and the tax revenues to the Ontario government. The increased market revenue for Ontario farmers in just one year from the introduction of three new varieties was approximately \$14 million, with the increased tax return to the province of approximately \$1 million.

The benefits of innovation are well known to farmers in Ontario. Over the last 15 years, Ontario winter wheat yields have increased by 26%. The result has been increased market returns for farmers and increased tax revenues for the government.

Over the five years between 2001 and 2006, Ontario winter wheat yield doubled, or increased by approximately 10.41 bushels to the acre. Wheat production almost doubled in that time, and the value of the winter wheat crop has more than doubled. The increase in production and the introduction of new quality attributes have spurred an increase in milling, baking and other food processing in Ontario, creating jobs and wealth for the entire province.

The Chair (Mr. Pat Hoy): You have about a minute left for your presentation.

Mr. Mark Huston: Another area that we are very involved with at Grain Farmers of Ontario is market development. We have been working closely with our renewable fuel standards and would like to see these continued.

In a recent third party study, Canadian ethanol was found to reduce greenhouse gases by approximately 62% per year with fossil fuels, and biodiesel was found to

generate a remarkable 99% reduction. Ontario currently has an ethanol mandate of 5% in all gasoline, but there is no biodiesel mandate. Three of the western provinces have mandated 2% to 3% biodiesel. As a result, there is almost five times the investment in biodiesel in western Canada than in Ontario. A 2% national mandate has been approved, and this will create approximately 500 million litres of biodiesel per year. We would like to see this offered in Ontario as well.

Thank you for your time. We're proud to have the support of our province in so many of our research and market development initiatives and look forward to working together to build a future in which agriculture and Ontario turn into an economic superpower. Thank you very much.

The Chair (Mr. Pat Hoy): Thank you. We'll move to the official opposition. Mr. Barrett.

Mr. Toby Barrett: I'm glad the Grain Farmers could testify today. Leo and Jeff Davis were before the committee yesterday and also talked about the reduction in greenhouse gases by 62%. That's comparing what? That's ethanol compared to regular gasoline?

Mr. Mark Huston: Compared to our standard fossil fuel, yes.

Mr. Toby Barrett: And what percentage ethanol in the gas?

Mr. Mark Huston: That would be a 10% blend.

Mr. Toby Barrett: You mentioned 99%. Was that biodiesel?

Ms. Erin Fletcher: That's biodiesel.

Mr. Mark Huston: Yes, biodiesel has a lot higher carbon savings compared to what ethanol would be.

Mr. Toby Barrett: Yes.

Mr. Mark Huston: So the potential there for saving carbon is quite high.

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Mr. Toby Barrett: So what levels should the Ontario government set? I know they reduced the levels a few years ago. There was some concern around replacing food and what have you.

Mr. Mark Huston: The food versus fuel argument is one that's been batted around quite a bit. What studies have tended to find is that it's been more of an issue of market—how would you say it, Erin?

Ms. Erin Fletcher: I would say that the food versus fuel debate is more fuelled by the markets and by speculators in the market driving the cost of grain up than it is by actual food going into fuel. In biodiesel, the mandate that we're requesting in Ontario is 2% to match the national biodiesel mandate.

Mr. Toby Barrett: In Ontario Farmer, it might have been Ian Cumming in the last issue, his column indicated 40% of the corn in the US goes to ethanol. That was in his column; I don't know how accurate that is. What's the level in Ontario?

Ms. Erin Fletcher: It's 50%.

Mr. Toby Barrett: Is it 50%?

Ms. Erin Fletcher: That's right.

Mr. Toby Barrett: That's Ontario-grown plus US-imported corn?

Ms. Erin Fletcher: The 50% is 50% of Ontario's corn goes into ethanol. I'm not sure what—the levels that are imported vary every year with the amount of corn grown in the province.

Mr. Toby Barrett: Yes, but roughly how much do we import in a year?

Ms. Erin Fletcher: Off the top of my head, I don't—

Mr. Mark Huston: This year it's going to be minimal because of our excellent yields. Other years it's been as high as, I'd say, approximately 5% or 10%.

Mr. Toby Barrett: Okay. I have one other thing quickly on the risk management program. We're opposition; we support risk management, making it a permanent program, not only for cash crop, hort, hogs, pork. We've had—what?—going into four years' experience with corn and soybeans and winter wheat. Do we have any figures at all on the cost? We know what was paid out over those three years. Is it difficult to project, without knowing the prices in the future?

Ms. Erin Fletcher: For 2010, you're asking?

Mr. Toby Barrett: Yes, how much does it cost and to what extent, if it's rolled into hogs, beef and other commodities—what are we looking at for cost? We get asked how much this costs.

Ms. Erin Fletcher: The three-year pilot only cost the province, I believe, \$17 million after farmer premiums were paid. If farmer premiums had been paid in 2007, it probably would have broken even. In 2010, we actually don't know the numbers yet, but we're anticipating with market prices where they are, there probably won't be much of a payout in the pre-harvest period, and there won't be any payout in the post-harvest period.

Mr. Toby Barrett: With some of these commodities, how do we get around the concern? There's no clear guarantee on cost of production; people think there is. How do we deal with the perception out there that a lot of people are going to jump into this, so there's going to be tremendous production of some of these commodities because you're guaranteed your cost of production? We need more beef, for example. It'd be a good thing if more people came in.

Mr. Mark Huston: One of the other issues that's been brought up has been trade implications. The more commodities that the program is applied to, the more that risk is spread out. If all the non-supply commodities are covered, then it would spread out the risk so there would be very little encouragement to switch from commodity to commodity because you'd generate a consistent supply.

Ms. Erin Fletcher: That's true. And in grain farming, we have a limited number of acres in Ontario, and the market price tends to sway farmers a lot more than the guaranteed cost of production and the risk management program.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Mark Huston: Thank you for your time.

ALZHEIMER SOCIETY OF ONTARIO

The Chair (Mr. Pat Hoy): Now I would ask the Alzheimer Society of Ontario to come forward, please. Good afternoon.

Mr. Bob Renaud: Good afternoon. How are you?

The Chair (Mr. Pat Hoy): Very well, thank you. You're the first ones to ask how I am doing.

Mr. Bob Renaud: You're important.

The Chair (Mr. Pat Hoy): You have 10 minutes for your presentation; there could be up to five minutes of questioning. In this round, it will be from the NDP, Mr. Tabuns. If you'd state your names before you begin.

Ms. Sally Bennett: I'm Sally Bennett, CEO of the Alzheimer Society of Windsor-Essex County, representing the Alzheimer Society of Ontario.

Mr. Bob Renaud: And I am Bob Renaud. I'm the past chair of the Alzheimer Society of Windsor-Essex board, and I'm on the board of the Alzheimer Society of Ontario.

The Chair (Mr. Pat Hoy): Begin.

Ms. Sally Bennett: Thank you. Mr. Chair, members of the committee, ladies and gentlemen, thank you for providing the Alzheimer Society of Ontario the opportunity to present to the Standing Committee on Finance and Economic Affairs on the issues related to dementia in Ontario.

A little bit about the Alzheimer Society: We were founded in 1983 and support a province-wide network of 38 local chapters. Our mandate is to improve service and care, fund and advance research, educate the communities that we serve and create awareness and mobilize support for the disease. Our society's vision is a world without Alzheimer's disease and related dementias. We're affiliated with the Alzheimer Society of Canada and with Alzheimer's Disease International. In fact, as of March of this year, the Alzheimer Society will proudly welcome people from fully 71 countries to the 26th Alzheimer's Disease International conference, to be held in Toronto.

Alzheimer Society chapters provide a range of services, including support groups, counselling, information, public awareness and dementia-specific education, for front-line health service providers, those diagnosed with the disease and their families and caregivers. Some local chapters also provide day programs and longer-term respite care services.

The Alzheimer Society of Ontario and the chapters work in partnership with health service providers, primary care practitioners, long-term-care facilities and clients. We have a long history of working together to improve access to services for clients. We promote best practices in dementia care, and we raise the profile of dementia-related issues.

The Alzheimer Society of Ontario is also a founding and leading member in the Ontario Caregiver Coalition. This coalition of caregivers, health charities and community and health service providers is dedicated to bringing issues related to family caregiving to the policy

table. Family caregivers care for spouses, children, parents and other extended family members in need of support due to age, debilitating medical conditions, chronic injury, long-term illness or disability. Family caregivers are the foundation of Ontario's health care system, yet they are largely invisible. They are sometimes overlooked by health service providers and are seldom acknowledged in public policy. In fact, many members here today may be caring for family members with dementia, or friends, and have been deeply affected by dementia themselves. Realistically, if you have not been affected to date, the chances are that you will over the course of your lifetime.

The focus of our presentation is on the following three areas: We want to look at the prevalence and impact of dementia, on increasing access to flexible respite options for caregivers and expanding the reach of our First Link program in Ontario.

First off, what is dementia? It's a large class of disorders characterized by the progressive deterioration of memory, judgment and reasoning, and can lead to changes in mood, behaviour and communication abilities. These symptoms may affect a person's ability to function at work, in social relationships or in activities of daily living. Alzheimer's disease, which is the most common form of dementia, is a progressive, degenerative disease of the brain which causes thinking and memory to become seriously impaired. After Alzheimer's disease, vascular dementia is the leading cause of dementia.

What is the impact on society? Today, more than 181,000 people in Ontario have dementia. In 10 short years, that number will increase by 40% to 255,000 people. Dementia is the leading cause of disability in Ontarians over age 60, causing more years lived with disability than stroke, cardiovascular disease and all forms of cancer.

Most Ontarians with dementia today are supported outside of institutions, in their homes and with their families. Studies have shown that caregivers are under considerable psychological, physical and financial stress, despite, of course, enjoying the inherent satisfaction of caring for their loved ones. Caregivers of people with dementia report stress levels three times greater than those caring for persons with other chronic diseases and depression is nearly twice as common.

In Ontario today, families and friends spend 87 million unpaid hours caring for people with dementia. By 2020, they'll be offering 144 million hours of annual care, and that's an increase of fully 65%. In 2002, it was estimated that two million Canadians were informal caregivers, delivering about \$5 billion worth of service to Canada's economy and saving Canada's formal health system as much as \$2 billion per year. Caregivers provide more than 80% of the care needed by individuals with long-term health conditions.

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The annual total economic burden of dementia in Ontario is expected to increase from \$7.1 billion in 2010 to fully \$19 billion in 2020. This number includes the

direct cost of health care services, the opportunity cost of caregiving's impact on ability to work and, of course, the indirect cost of lost productivity and lost wages. Direct costs of dementia to the health system are projected to increase by fully \$440 million each year through 2020. In partnership with the Ontario government, we have the opportunity to curtail these costs to ensure that investments are effective and multi-purposed.

What is needed? Today we'll highlight two key areas of support that are needed by personal caregivers. The first is increased access to flexible respite options, and the second is expanding what is our First Link program.

Flexible respite options: Respite services offer temporary relief from caregiving. They include in-home respite, where an alternate caregiver, usually paid, comes to the home to provide care for a few hours; adult day programs, where the person with dementia attends a community centre for a specified number of days in the week; or overnight respite, which is usually in short-term beds of a long-term-care home or in a multi-purpose respite home, of which there are two in Ontario that are supported specifically by Alzheimer's societies.

There are four key issues with respite in Ontario. Firstly, caregivers are unaware of available services and often act too late. Secondly, there is an insufficient supply of respite, particularly short-term respite care. Thirdly, the services that are offered do not fit with family needs in terms of continuity of staff care and hours of service. The cost of in-home respite is too high for already strained caregivers.

There are innovative respite options that do exist in some regions in Ontario. There's a program called Seniors Managing Independent Living Easily, or SMILE, in the southeast. There's Wesway in the northwest and the Veterans Independence Program through Veterans Affairs Canada. By tailoring these services to meet their needs, these flexible respite programs enable caregivers to support the person with dementia more effectively and extend independent living for the person with dementia. Most importantly, it keeps people in their homes with those who love them.

With a modest investment to extend these existing programs, the Ontario government is poised to save dollars in direct costs. We can look to an existing program as an example. Of a \$2.9-billion annual budget in 2000, Veterans Affairs Canada spent \$303 million of that to provide home care and to support 102,000 of Canada's 200,000 service veterans through the Veterans Independence Program. At an average age of 84 years, only 4,100 of our veterans occupied long-term-care beds. This program helped to keep them living in their own homes by paying for home care, respite and maintenance services.

In 2000, the average cost per person for VIP home care was about \$2,700 a year, compared with \$43,000 a year for a room in an Ontario care facility, or up to \$1,000 a day in a hospital bed.

In Ontario, we have 29 Alzheimers Society chapters that offer the First Link program—that's 29 of the 38

chapters—and this program provides recently diagnosed individuals and their caregivers with comprehensive and coordinated services by reaching out as early as possible in the disease process.

First Link enables collaboration between the diagnosing primary care physician and other members of the primary care team, diagnostic and treatment services, community service providers and the Alzheimers Society.

Many caregivers are not receiving the support they need because they are not aware of the services available to them. Through First Link, primary care providers refer those who are newly diagnosed to their local Alzheimers Society to ensure that caregivers can maximize their awareness of existing programs.

In November 2010, our First Link program was selected as a finalist for the Celebrating Innovations in Health Care Expo in the area of improving access to care.

Even though evaluation of the demonstration project shows it to be effective, First Link is only available to 73% of Ontarians, as nine of our 38 chapters continue to meet challenges in accessing adequate funding. In order to ensure that all Ontarians diagnosed with dementia receive the education, information and access to services they need, the First Link program must be sustained in the 29 local Alzheimer's chapters currently offering the program and expanded to all communities across Ontario.

An initial investment of approximately \$1.5 million to expand First Link to the remaining nine regions is required and an ongoing investment of \$400,000 each year is required to sustain the program in order to provide this service to all Ontarians.

In summary, in terms of our requests: Increase availability of flexible respite options by leveraging existing effective programs. It's very important. We know certainly at the local level our respite program has doubled in service over the last few years. We have long wait-lists at this point in time to initiate service and most of our caregivers would appreciate and could certainly use increased service on a weekly basis, which we can't currently provide due to lack of funding. That's with fundraised dollars supporting the program as well, not just government dollars. Those are charitable, donated, fundraised dollars.

Also, we need the First Link program expanded in order to maximize access to existing services. By continuing to leverage existing programs and committing to new investments for caregivers, we have the opportunity to curb increased health care spending. Thank you.

The Chair (Mr. Pat Hoy): Thank you. We'll go to Mr. Tabuns of the NDP for questioning.

Mr. Peter Tabuns: First of all, thanks very much for hanging in to this point in the afternoon and presenting very clearly.

The First Link program: You've noted the cost of expansion and maintenance. That's clear enough. To provide the kind of respite services that we need in Ontario,

what sort of cost would we be talking about in this year and what kind of cost would we look at over the next decade?

Ms. Sally Bennett: I don't have those dollar figures in front of me, but the argument here is that it's far more cost-effective to provide in-home care as per the aging-at-home program in Ontario, far more cost-effective in a time of tightened budgets, significant deficit, of course, and burgeoning health care costs and percentage of health care costs to the overall budget provincially. The dollars are much less significant, as evidenced by the VIP, as stated.

Mr. Bob Renaud: That's specifically the request. Aging at home is applauded. It's a wonderful, wonderful concept and it was based on the fact that it would be cheaper, number one, and better, number two, for the families. Unfortunately, aging comes with this dementia characteristic, largely. It's really saying let's expand this program to keep people out of the hospitals and keep them out of the long-term-care homes longer. If we can do that, the savings—the provincial government has already decided that aging at home is a good strategy, better than building more and more hospitals, and if that's the case, we need to act quicker. Again, a 40% increase in the next 10 years in Ontario, and if that is all going to be dependent on making caregivers very ill—because that's what it does to them; it puts them in the hospitals—or putting the patients, those with the disease, in the hospitals, it's a choice to be made. They have to go somewhere; somebody has to take care of them.

Mr. Peter Tabuns: Can you tell me of any other jurisdiction that is taking this issue on really effectively, possibly in Canada, possibly in the United States, possibly in western Europe? Is anyone actually taking it on, putting in place the respite services and reducing the longer-term health care costs?

Ms. Sally Bennett: You're talking on an international level. Certainly, we are at the local level. The Windsor-Essex Alzheimer chapter has the first Alzheimer-dementia-specific in-home respite care program in the nation, so I would say we're leaders on the local level.

Mr. Bob Renaud: And just to follow, we have the international conference coming up very shortly, in March. Many of the presentations that will occur there will be specific to that issue.

To answer your question, every jurisdiction, at least every Western jurisdiction, understands the need to keep people at home longer by providing more care. The issue then becomes, how much of an investment are these jurisdictions willing to make to do that. I think it becomes sort of like biting the bullet. You know you're going to spend it in the hospitals eventually, but are you willing to put more money up front? I think that's the decision most countries are beginning to make now. They're starting to ask the question. We're going to hear about that quite extensively at our international conference.

Britain, I know, is very serious about it. It's becoming a much larger issue in the US. Even countries like India

now are looking very seriously at what's happening. When you look at Asian countries, too, they're so used to keeping everything in the family. We see that with immigrants in our own province, that's for sure. But it's what it does to the family. It just drains the family. The caregiver, again, becomes a casualty along the way, in many cases, and that makes for two people going to the hospital, not just one.

1540

Everybody realizes it. Rising Tide is the national study that we released last year, and that's exactly what it is. It's going to affect every province; it's going to affect every Western country. It's going to happen. It's coming.

Mr. Peter Tabuns: I'll just go back, because you said something interesting, and I want to examine the logic: that countries, jurisdictions, are going to have to bite the bullet, know that they're going to pay eventually, and it makes sense to put the money down upfront now. But in fact, your logic is that you aren't having to build new buildings. There's a lead time on that, and they're very pricey. In fact, what you need are management centre staff hired and trained and deployed. Based on what you've said to us, the cost that we would incur over the next four or five years to deal with these increasing numbers of people who are affected by dementia would, in fact, be far less if we were to go to at-home respite care.

Mr. Bob Renaud: Absolutely. There's no question about that. Again, when I say "bite the bullet," I think we're so used to living in a traditional system, which means the hospitals are there—they'll take care of people—and the long-term-care facilities are there. We don't have enough long-term-care facilities either; that's another story. But they all cost money. It all costs money, and it costs more to do that than it costs to have people taken care of at home. Most caregivers, the vast majority of caregivers would much rather have their loved one at home with them. That is cheaper. It's better for the family if they have the supports in place. Right now, we've scratched the surface with aging at home. We've helped, it made a difference, but we've got a long ways to go.

Again, do you want to spend a bunch of money down the road, or do you want to spend less money now and maybe relieve the strain on the hospitals, relieve the strain on the long-term-care facilities in the future?

Mr. Peter Tabuns: Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

COMMUNITY LIVING TILLSONBURG

PEOPLE FIRST TILLSONBURG

The Chair (Mr. Pat Hoy): I'd ask Community Living Tillsonburg to come forward, please. Good afternoon, gentlemen. You have 10 minutes for your presentation. Questioning will come from the government in this case. I ask you to identify yourselves for our recording Hansard, and you can begin.

Mr. Bob Morse: Thank you very much for having us this afternoon. My name is Bob Morse; I'm president of Community Living Tillsonburg.

Mr. Michael Kadey: Good afternoon. I'm Michael Kadey of People First Tillsonburg and Community Living and also a board member of Community Living Tillsonburg.

Mr. Marty Graf: I'm Marty Graf, the chief executive officer.

Mr. Bob Morse: Thanks again for allowing us to come today. We brought Michael Kadey as well. As he said, he's from People First, and I'll let Michael speak partway through the presentation today.

Just by way of a little bit of background, Community Living has recently celebrated 55 years as an organization—we had a celebration just prior to Christmas—and we're very proud of that. We basically serve children, adults and primarily families of individuals with intellectual disabilities. For the past 25 years, we've provided child care available for children and their families as well, many of these children with special needs. Marty and I were actually just sharing on the way up that one of the earliest children who came into our program had recently graduated from the ECE program and is now working in the child care setting. So we've had a lot of success stories in our 55 years as an organization.

We also recognize, as we work through this as a board and as an organization, that there's a lot of challenges being faced right now with the economy and with funding. We are committed to working with that zero per cent funding level which we've been provided, but we want to make it clear today that there will be challenges with respect to that zero per cent funding. Costs of operations continue to rise; they haven't stopped. We have commitments. We have a lot of residential properties for the folks we serve. Utility costs continue to go up. Taxes continue to go up. We have commitments to our staff as well around issues of pay equity. Those costs and commitments continue to rise, so there are challenges with zero per cent. We still have the costs of running the business.

As volunteers—and that's what we are as a board of directors with Community Living—we're charged with that responsibility to service these people, to provide services and programs and to provide that support to the families.

We need to maintain a healthy organization. As I said, we've been in business for 55 years. We need to maintain that; we need to grow that stronger. Those are the challenges which we have.

I put in the presentation that these are not just nice-to-have services. For the individuals we serve, these are essential. For the folks who require these services, these are must-haves. We need to allow these people to live in our community with dignity and with security. Today, we're asking for a continued investment by the government into the services and programs that we provide.

I'm not going to get into all the specifics—there's the handout which we provided—but I just want to highlight some of the issues that we came here today to talk about, certainly ones around wait-lists that exist in the province. Provincially, there are some 12,000 people on waiting lists right now for programs and services in this sector. I think it's important that these wait-lists be looked at very seriously. We've laid out a bit of a chart in terms of what has been happening in Oxford county and in the Tillsonburg area between last year and where we sit right now, and those wait-lists generally are increasing. There are more people waiting for services and supports in this area, and they really need to be addressed. For example, just waiting for accommodations: There are 76 individuals right now waiting for accommodations in the area.

One of the comments: eight individuals living with aging parents. That's a real problem in our sector. We have folks being supported by their parents, and the parents are now in their late 70s and 80s. Soon they're not going to be able to provide those supports, and without some additional support for the individuals, we will be in crisis mode if the parents are not able to look after these individuals any longer.

We have 13 individuals right now who would be considered high priority for supports and services. That's an issue which we deal with and have to deal with on a daily basis. We have to ensure that funding is there to allow us to support those folks.

Special services at home provide respite for the families caring for their children and adults. The previous presenters were talking about respite as well. It's very important within our sector that we have the resources to allow families to have a bit of a break. Right now, there are 70 families on the waiting list for respite services.

Again, I've put it in that family members support their individuals tirelessly, 24 hours a day, 365 days a year. That's what they do, but they need a break. They're stretched to the limit right now. What our services do is provide them with that bit of a break. Again, without that, we just fear that more and more families and more and more individuals will end up in a crisis mode. As the last presenters put it, it's a lot more cost-effective to provide that support and those support mechanisms to the families than it is to end up with those individuals in that crisis mode, with the costs to the health care sector as a result of that.

What we're recommending and requesting is that the government commit to some new resources to address these waiting lists in many of these areas, especially in those high-priority areas, and, secondly, to plan forward with that ongoing commitment to funds for that sector so those waiting lists can be greatly reduced.

We're sort of left right now with the efforts of spreading around existing resources, taking here, putting there. We're stretched to the limit as an organization to be able to continue to do that. Something is going to have to give. At the end of the day, I think there's going to be a greater cost to society, and I think that was echoed in

the previous presenter as well. We're faced with very similar situations for that. I think there need to be some substantial investments in those areas.

The second part is around the Ontario disability income support program. The government has provided, over the past several years, some annual increases, around 1.5% to 2%, to ODSP, and that has raised some of the levels of basic income support of a little over \$12,000, and income support for someone with a part-time employment of around \$17,000. But we need to make some improvements in this plan.

1550

I know Mr. Barrett is here today. He introduced Bill 23 as a private member's bill, which basically is there to enhance some of the income supports to these individuals. I think it's essential. It's interesting: The bill basically allows somebody to retain \$700 of any additional income they make and also increases the assets that they can keep. It's a bit novel to me when I came into this that in fact you can actually retain the income that you earn. I think most of us take that advantage. If you earn and you go out and make money, you get to retain it. The government takes taxes, but you get to retain that. In this system, basically, it gets clawed back 50% as it stands right now, and I don't think that's fair to the individuals who are certainly at the poor end of the income scale to begin with.

People who have disabilities want to contribute to this. They want to go out and work, but it really acts as a disincentive if they're unable to do that because half of their money is being clawed back, so to speak.

With respect to that, I'll just maybe ask Michael to talk about that a little bit.

Mr. Michael Kadey: With the upcoming provincial budget, we are asking for the needs of people with disabilities to be included. We are asking for a real increase in ODSP rates, as this is the only income that a large number of people have. We have to pay rent, food, clothing, transportation, household items. Often, we have extra expenses, many of which are not included in health benefits. However, whatever prescriptions the doctor gives to you should be paid for—not a substitute, but the right medication. Some eye checkups are every two years, but if you need an extra one, we pay for it.

Due to the cost of living, we have to cut back. We are unable to pay bills. Groceries are very expensive. Some people's carts are full. If we bought like them, we would have to take from the utilities bill. We have to buy cheap food. Some people have to go to the food bank, and you are only allowed so much. We have spoken to our staff and have been informed that this is what you have to put up with when you are poor. People have to go to soup kitchens for a meal. We are asking that there will be more financial rewards for individuals who work. When we obtain a new job, we receive a \$500 clothing allowance. Many of us stay at the same job for many years. We feel a clothing allowance should be given to us every year if we are working. Our question to you is, are you able to live on \$1,096 per month and pay rent, clothing,

medication, transportation, food and any extras that are needed?

Thank you again for taking the time to read our submission: People First of Tillsonburg. Bob?

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Bob Morse: All right. Thank you. So we're just encouraging the members here today certainly to look at Mr. Barrett's bill, Bill 23, or in some fashion incorporate the intentions of Bill 23 into the poverty reduction strategy.

There are several other recommendations, certainly, that have been made in the presentation today, and we'll ask you to look through that.

Certainly, one of the other areas which we have a main concern with is around our staffing, and our staff are everything to our organization. This is one area where we certainly encourage that they deserve fair compensation for what they do, because they work tirelessly in providing programs and services to the folks we provide service to.

One of the key areas I know has been brought up lately is around issues of labour disruption. We've had some major issues with that. There's another bill that's currently in second reading, or past second reading: Bill 83, which talks about picketing in front of folks' homes. Again, we would ask the folks around the table to certainly continue the debate at committee level with respect to Bill 83, because we do feel as an organization that it's extremely important to do that.

We understand our time commitments today. We appreciate the opportunity to come and speak to you. We just ask the committee certainly to bear in mind the supports that are needed to support these individuals, who are some of the most vulnerable in our communities.

We thank you for your time.

The Chair (Mr. Pat Hoy): Thank you. The questioning—Mr. Delaney.

Mr. Bob Delaney: Thank you for coming today. I congratulate you on 55 years of serving people with intellectual disabilities, and of course, in this particular hearing, you get the last word.

The challenges that you describe, of course, are the ones that we face across Ontario in each of our communities. So, for I think all of us, it's good to hear from you to place what you say in context with the discussions we have on an ongoing basis in each of our communities.

I'd like to ask just a couple of quick clarification questions of your very nice brief. Other than the funding that the province provides, could you give me just a general idea, be it in terms of preferably percentages, of the income that Community Living Tillsonburg generates from such things as fundraising, community programs, municipal grants, United Way grants and funding from other levels of government if it's inclined? Could you give me some sort of perspective on that?

Mr. Marty Graf: We probably range about \$25,000, if that, in terms of fundraising efforts throughout the year. Other grants? We do not get a lot of other grants.

Most of our resources would be from the Ministry of Community and Social Services. It's probably in the neighbourhood of 95%.

The other source of revenue is rents that individuals will pay, but then we have the housing that we have to have and keep to a good standard as well.

Mr. Bob Delaney: Okay. Those were the issues that I intended to explore. If any of the other members have any questions, perhaps?

The Chair (Mr. Pat Hoy): Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Bob, Michael and Marty, for being here. We appreciate your time and your presentations.

I have several questions, and I'm going to have to streamline. Chair, how much time are you going to give me?

The Chair (Mr. Pat Hoy): Three minutes.

Ms. Leeanna Pendergast: Okay.

I'm particularly interested in the continuity of care that you talked about the beginning. Again, I reiterate my colleague's comments: 55 years serving the community is outstanding given the challenges that you face throughout the province; in my community of Waterloo region and in Kitchener-Conestoga for sure. But you serve children with special needs, their families and adults with intellectual disabilities, which is quite an incredible continuity of care.

We've heard from people in the last two days, from OACRS and children's treatment centres, about the difficulty of maintaining that continuity, and yet, the importance of that. And I'm going to segue quickly into the JK, just given the limited time, to ask if there is a plan, because I read here on page 5 that you recognize your program will change with the implementation of full-day learning. Is there any talk about partnerships or working together, or—

Mr. Marty Graf: We're still at that early stage in Tillsonburg itself. There have been no classes in our community yet. We are concerned because there will be potentially a different relationship just with those four- and five-year-olds, and so we are concerned. Currently we would be supporting them with our resource consultants or a family support worker. We're just wanting to make sure that level of support will be able to be there.

We could then be back with the children and families if they're using before- and after-school from six until 12. We're hoping that there isn't this big break just for the four- and five-year-olds.

Ms. Leeanna Pendergast: Okay, excellent. That seems to be a consistent discussion that we're hearing across the province.

I commend you on page 4: "The government should consider streamlining efforts when monitoring income support and employment earnings with an annual review." My colleague Kevin Flynn here pointed out too that that's an excellent recommendation, and we hear you loud and clear.

Thank you for commenting about no wait lists in resource consultants or family support workers in

Tillsonburg. Well done. Excellent. Keep up the good work, and thank you for your presentation today.

The Chair (Mr. Pat Hoy): Thank you.

Mr. Bob Delaney: Chair, just before you bang the gavel to adjourn, on a point of privilege: I'd just like to mention that, as this is your last trip through the Chatham-Kent, Leamington and Windsor area that you've called home, and you're on your final trip through as Chair, on behalf of all the members present, I'd like to

thank you for your years of service in front of your home crowd—those that remain—and to personally wish you all the very best following next October.

The Chair (Mr. Pat Hoy): Thank you, but you're totally out of order.

Laughter.

The Chair (Mr. Pat Hoy): With that, we'll recess. Thank you very much.

The committee adjourned at 1601.

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Mercredi 26 janvier 2011

**Standing Committee on
Finance and Economic Affairs**

Pre-budget consultations

**Comité permanent des finances
et des affaires économiques**

Consultations prébudgétaires

Chair: Pat Hoy
Clerk: Sylwia Przedziecki

Président : Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Wednesday 26 January 2011

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Mercredi 26 janvier 2011

The committee met at 0902 in the Travelodge Hotel Airline, Thunder Bay.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. The committee is pleased to be in Thunder Bay today.

ONTARIO FOREST INDUSTRIES
ASSOCIATION

The Chair (Mr. Pat Hoy): I would call forward our first presentation, the Ontario Forest Industries Association, please. Good morning. You have 10 minutes for your presentation. The questioning will come, in this round, from the official opposition. I'd just ask you to state your name for our recording Hansard.

Ms. Jamie Lim: Good morning. My name is Jamie Lim.

Members of the standing committee, Ontario's forest sector plays a pivotal role in our province's new local green economy. Ontario's world-class forestry standards, combined with the integrated nature of Ontario's forest sector, provide an incredible opportunity.

A critical component of that opportunity is the need for certainty. With the right public policy and continued government actions in key areas, Ontario can maintain existing investments, attract new entrants, and sustain and grow Ontario jobs.

Over the past five years, the provincial government has implemented numerous competitive measures that have been instrumental in making Ontario a more competitive jurisdiction for our sector. However, these critical measures only address half of the equation. Over the past several years, our sector has continued to witness the development and implementation of damaging provincial policy—policy that increases costs, reduces the forest land base and creates uncertainty. The good work that the province has done via its competitive restoration measures desperately needs to be complemented by the right public policy. Business runs on certainty, and that certainty cannot be achieved in Ontario without practical provincial policy.

Let me explain why an investment in today's forest sector is a wise venture.

Despite recent economic hardships, our sector remains an integral part of Ontario's economic well-being. The companies left standing are the survivors, the winners, the ones that will take Ontario to the next level. Ontario's forest sector still supports 200,000 direct and indirect jobs in over 260 Ontario communities, with wages and salaries calculated at \$2.7 billion, approximately \$14 billion in sales, billions more in related activity, \$4 billion in exports, and \$2.3 billion in taxes to all three orders of government.

Two more reasons why an investment in Ontario's forest sector is a win-win for government and hard-working families: local and global markets. Ontario currently consumes more wood products than it produces. Do we want to produce these products in Ontario, supply good-paying jobs and provide support to our rural and northern communities? Or do we want to forego these benefits and import wood products from other jurisdictions? I think we would all agree: We want Ontario jobs.

Consider this one local opportunity: The GTA home builders purchase approximately \$800 million of lumber annually to frame homes, and it's estimated that 70% of that lumber right now comes from outside of Ontario. This represents an opportunity of \$500 million for Ontario's lumber sector alone.

That's not the only real Ontario opportunity. The anticipated changes to Ontario's building code, which will allow buildings to six stories from the current four, will also create a mid-rise construction market for Ontario wood products. In 2009, BC changed their building code. As a result, there are more than 50 projects underway in the mid-rise sector. Changing Ontario's building code will create new economic opportunity and new jobs. As highlighted on the back three pages of OFIA's pre-budget booklet, the opportunity for wood use in mid-rise buildings in Ontario is substantial. Like BC, the Ontario government has an opportunity to lead the way. When we use local, renewable forest products, we all win. Markets outside of Ontario will also return. As the North American market recovers, Ontario's forest sector is poised not only to take advantage of that recovery, but also to expand its share of the existing markets due to the pine beetle challenges that presently face western Canada's wood supply.

Lastly, global demand for forest products is expected to rise and will favour those jurisdictions with first-class forest management practices. Ontario is that jurisdiction.

These are just a few of the opportunities that make a commitment to Ontario's forest sector a smart commitment, an investment in our future, and that commitment can start with the permanent protection of Ontario's industrial fibre, which will ensure Ontario remains well-positioned to capitalize on our domestic opportunities and secure our future as a renewable fibre basket for the world.

But despite the anticipated recovery of global markets and the desire to put Ontario's wood back to work, our sector continues to face numerous significant made-in-Ontario challenges. The continuous loss of industrial wood fibre through untested public policy, uncompetitive electricity rates, and the government red tape have all contributed to the creation of uncertainty and an uncompetitive business environment. Over the past two years, OFIA has witnessed a series of arbitrary land withdrawals and set-asides that have not been supported by any credible scientific evidence or economic impact analysis.

It's not too late. We can turn this around. Ontario's forest sector has an opportunity to become the envy of the world. Let us begin by addressing the following key recommendations in nine areas:

(1) Government's January 13th announcement on tenure reform was a positive development. OFIA requests the government to complete its provincial wood supply competition and accelerate the movement towards enhanced co-ops.

(2) OFIA requests that the government permanently protect a minimum of 26 million cubic metres of sustainable industrial fibre. The continued erosion of Ontario's fibre basket threatens our northern and rural future. Also, conduct socio-economic impact assessments on all legislation, regulations and policies that could reduce the provincial fibre supply. This is critical. Government must keep its promise and implement a long-term regulation which recognizes the Crown Forest Sustainability Act and forest management plans as equivalent processes to the Endangered Species Act. This would fulfill a written promise made to our sector by the Minister of Natural Resources in May 2007.

(3) The forest sector needs to be governed by one ministry, not two.

(4) Government must ensure that it does not develop or implement any policies related to the bio-mass/bioenergy sector that will jeopardize existing facilities.

(5) OFIA requests government maintain all existing competitive measures and initiatives that have been put in place since 2005. As well, we ask that you modify the implementation of the roads program by providing more flexibility and consider funding for forest management plans and annual work schedules.

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(6) OFIA requests government maintain the crown dues rate for poplar and birch at a rate no greater than \$1.07 a cubic metre for the next three years.

(7) OFIA supports the concerns of the Ontario Chamber of Commerce and recommends that the WSIB reverse its decision to increase premiums and freeze rates at a current level. We also ask that they seriously consider the advantages of creating a competitive market for WSIB.

(8) OFIA recommends that the government continue to support the Ministry of the Environment in modernizing its approval system. We also request again that economic impact assessments on all new decisions be made and that sufficient resources be allocated to MOE for developing a pulp and paper sector technical standard.

(9) For industrial electricity rates, OFIA's booklet outlines changes to both the class A consumers in the global adjustment program and the northern industrial electricity rate program. Also, the development of long-term special electricity rates for economic development such as occurs in New York state right now must be considered for Ontario. Ontario also needs to develop more tools to provide the forest industry with a long-term, industry-wide, all-in delivered price of \$45.

In conclusion, Ontario can no longer afford the slow erosion of Ontario's fibre basket and the associated uncertainty. Ontario has great potential. Through collaboration and the right government policy, we can maximize the full potential of Ontario's forest sector. With practical public policy, Ontario's renewable forest sector can maintain and grow Ontario jobs. Let's begin.

Thank you.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you very much for your presentation this morning. I guess my first question has to do with relatively recent news, the latest Environmental Bill of Rights consultation piece on the caribou conservation plan, the habitat regulation that is in the news and has just recently been posted. Will that help protect jobs in the north?

Ms. Jamie Lim: I think you're referring to the fact that on Monday, government posted a consultation piece on the EBR that explained what their approach was going to be to a caribou habitat regulation for Ontario. In that posting, they say they are going to do town hall meetings and consultation. That's all fine. It's a little late, but that's better late than never.

The problem is that the plan that they've put forward is building our future with the habitat reg using the caribou conservation plan, the CCP. About 18 months ago, when the CCP was put in place, industry and mayors all provided feedback to government with concerns about the CCP, about fibre loss. We asked for economic analysis to be conducted on the caribou conservation plan. All of that was ignored. None of our concerns were addressed. Economic analysis on the CCP was not done. Now, if this new consultation piece is suggesting they are bringing this forward in an attempt to protect jobs in northern Ontario and prevent any further loss of jobs, we can tell you that that will not happen, because the imple-

mentation of the CCP, just in its first six months, has already reduced the fibre basket.

Everyone clearly understands that when you remove wood, you're removing economic opportunity; you're removing jobs. Minister Gravelle, in November 2009, clearly stated, when he was unveiling the wood competition process, that Ontario can sustainably harvest 26 million cubic metres of fibre a year. Why would we want to shrink that? Every time you shrink that, you shrink my economic opportunities in my hometown of Timmins, Ontario. You shrink the economic opportunities of the city that we're in right now. It doesn't make sense. It's sustainable, and it's renewable. We have to protect it permanently.

We certainly welcome these town hall meetings. I would hope that everybody will get out and let their voices be heard.

Mr. Norm Miller: But they're not going to protect jobs in the north.

Ms. Jamie Lim: Well, if it's going to be premised on a CCP that's already removing 15% to 20% of the fibre basket in some areas—

Mr. Norm Miller: There are less jobs available.

Ms. Jamie Lim: —you can't protect jobs. Those are lost jobs.

Mr. Norm Miller: And this is connected with the Endangered Species Act. When the act was brought in—I mean, I was involved with the process. Did Minister Ramsay and the Premier not promise that the Crown Forest Sustainability Act, which does protect endangered species, would take precedence over the Endangered Species Act?

Ms. Jamie Lim: Yes. When the Endangered Species Act was put out for consultation, many of the community leaders who are here this morning formed a coalition, the Ontario Forestry Coalition, and we specifically made recommendations to government on the proposed Endangered Species Act. Our recommendations were a total of about 60 words, because the 60 words that we put in were going to make the Endangered Species Act implementable.

What you have today is a flawed piece of legislation that has already had to introduce 200 exemptions in only—what?—two years. When you have to put in 200 exemptions, obviously something's not working.

Minister Ramsay at the time recognized that the Crown Forest Sustainability Act and our forest management plans already provide for species at risk. So in an effort to not duplicate process, because Ontario is supposed to be open for business, and create more work and more costs, Minister Ramsay made a promise to us in writing, in May 2007, that the forest sector would be “exempted”; that's the legal word because it's section 55 of the Endangered Species Act, from the act, using our Crown Forest Sustainability Act and forest management plans.

I believe that there were many people in June 2007 who voted in favour of the Endangered Species Act because they truly believed that the forest sector was not

going to all of a sudden be bombarded with duplicate process and that we were going to receive recognition for the Crown Forest Sustainability Act. It didn't happen. We spent six months in the fall of 2007, after the election, working on the language for that exemption. Then, in April, environmental groups got wind of it, pulled the rug out from under us and put an end to it.

Mr. Norm Miller: Thank you very much for your presentation.

Ms. Jamie Lim: You're welcome.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Jamie Lim: And I will add that I've left with you the calendars for the Wood WORKS! gala this year. Those are Ontario woodwork projects that are buildings built right here in our province. Architects, engineers, contractors all get it that using wood tackles climate change, that it's a renewable resource, and that the more Ontario products you use, the more Ontario jobs you make.

Thank you, ladies and gentlemen.

NORTHWESTERN ONTARIO MUNICIPAL ASSOCIATION

The Chair (Mr. Pat Hoy): Now I call on the Northwestern Ontario Municipal Association to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. This round, it'll be from the NDP, Mr. Tabuns. And if you would identify yourselves, gentlemen, before we begin.

Mr. David Canfield: Thank you and good morning. My name is Dave Canfield. I'm the mayor of the city of Kenora and the executive vice-president of the Northwestern Ontario Municipal Association. With me I have Iain Angus, one of the vice-presidents of NOMA and a city councillor in Thunder Bay. Ron Nelson, the president of NOMA, gives his regrets, as he is out of the province on other business today.

Our time allotment does not allow us to present all the issues that challenge northwestern Ontario, so we've chosen to focus on a few key concerns. We recognize that the province of Ontario is still dealing with difficult economic times. Our municipalities are also facing extreme challenges with population declines, industrial closures, increasing social costs and declining tax revenues. That makes it exceedingly difficult to maintain the services that people need and want.

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First, I'll talk about the Ontario municipal partnership fund. We appreciate the outcome of the provincial-municipal financial review negotiations in 2008 and the 100% uploading of Ontario disability support and Ontario drug benefits, as well as the ongoing uploading of Ontario Works benefits to be completed by 2018. However, municipalities across the northwest continue to struggle to make ends meet due to the rising costs of social housing, land ambulance services and policing. It is abso-

lutely essential that the current OMPF and the mitigation fund remain in place for northern municipalities. We again request an increase of \$75 per household in the northern communities grant, which is currently at \$235 per household, to help municipalities bear the burden of their lower and declining assessment base, as is unfortunately the case in the vast majority of our communities.

I'll touch now on non-emergent patient transportation. As noted, land ambulance costs are on the rise. A significant portion of these costs relates to non-emergent patient transportation, which continues to be increasingly frustrating and expensive for our members. Municipalities direct and fund emergency services (EMS) to provide emergency services that align with police and fire services. At this time, the EMS in northwestern Ontario performs two types of patient calls: emergency and non-emergency. In both cases, patients are transported by paramedics using an ambulance. However, EMS are designed, mandated and funded to provide emergency assessment, treatment and transportation services only. Due to a lack of alternatives for non-emergent services, communities outside the city of Thunder Bay are using EMS to perform non-emergent transports.

An example of a non-emergent transport would include transferring a patient who is in no immediate distress but needs expanded treatment from the hospital in Marathon to the Thunder Bay Regional Health Sciences Centre, a three-hour trip one way. So EMS is called to provide a taxi service to this patient to get him or her from point A to point B.

The problem is that each time a non-emergent transfer request is filled, there is a compromise of the ability of the EMS to provide emergency services. In many of the smaller and rural communities, there is only one ambulance at any given time. As such, when paramedics are dispatched for a non-emergency call, there is no backup ambulance available when a 911 call comes in.

The provision of non-emergent transportation by EMS is not only highly inefficient and ineffective, but also unreliable, causing frustrations on all sides. In some of our communities, as much as 50% of their emergency service funds are being used to provide non-emergent transfers. This is unacceptable and unaffordable.

The solution to this problem is a separate infrastructure, similar to those in southern Ontario, which would focus on non-emergent transportation. The current system, where EMS funds intended for emergency services are being used to provide non-emergency transportation, is not in the best interest of either the patient or the taxpayer. This concern must be addressed by the province, as our municipalities can't afford to continue to provide non-emergent transportation services through the EMS. It is not the responsibility of the municipal sector to provide non-emergency health transportation services. It is the responsibility of the province of Ontario.

The northern growth plan and long-term energy plan: Community leaders across the northwest continue to wait with anticipation for the release of the growth plan for northern Ontario. I would remind you that this plan will

need sufficient budgetary resources for implementation. Without financial support, it could very well end up on the shelf, as have so many other studies and plans over the last 25 years. Ontario cannot afford to let that happen, and we will be counting on all parties to work together to make sure that the effort and energy spent in developing the Grow North plan will not be in vain.

Unfortunately, due to the delays of the province in responding to the economic downturn in northwestern Ontario, we have lost and continue to lose many of our skilled tradespeople to the western provinces of Manitoba, Saskatchewan and Alberta. We are extremely concerned that without quick action, these resources may be lost permanently as their families settle into new communities. Skilled workers will be essential to the growth of the northwest, and the province must do all it can to ensure these workers return to their homes and their home communities.

An important part of the northern growth plan relates to energy. The government recently released its long-term energy plan, which outlines the 20-year plan for energy infrastructure across the province. The plan's foreword indicates that maintaining a clean, modern and reliable electricity system for all Ontarians is the government's number one priority.

NOMA agrees with that statement. We recognize that in order for our economy to grow, and in particular for the many mining developments across this region, we must have a clean, modern and reliable electricity system in the northwest. However, we would also add that such a system must be affordable, for without competitive energy prices, industry will look elsewhere to set up shop, taking the jobs and tax revenue with them.

With such a strong statement of inclusivity at the outset, it was extremely disheartening to realize that the majority of the northwest's energy system garnered hardly more than a passing mention, and that a large portion of the region—the Far North—was only referenced in a document that is supposed to set the course for Ontario energy development for the next 20 years. It is incumbent upon all parties to recognize that a long-term plan such as this must not just list minor improvements to the system that is now in place, but must provide a vision for the comprehensive system that will be needed to power our economy, in all parts of the province, over the next two decades.

While we recognize that currently the Ontario Power Authority was only given the responsibility to plan for lines that are 230 kV or higher, we might point out that it is an extremely short-sighted and ineffective planning structure that ignores most of northwestern Ontario, which is serviced entirely by 115 kV lines, and it makes it impossible for a truly comprehensive plan for the entire province to be developed.

The transmission system in northwestern Ontario is woefully inadequate and would not be tolerated in populated areas of southern Ontario. I will repeat: The transmission system in northwestern Ontario is woefully inadequate and would not be tolerated in populated areas

of southern Ontario. Those deficiencies must be addressed as a public good and funded by the Ontario taxpayer in general. The taxpayers in northwestern Ontario continue to pay the nuclear debt, but we have had no need for that power. Our priority is to bring the northwest system up to a level playing field, to ensure the development of our resources and to connect our First Nations communities to the grid.

Infrastructure, roads and bridges: One final topic this morning is also vital but expensive, and that is infrastructure within our communities. Many of the roads and bridges that were downloaded by the province to municipalities in the late 1990s require significant maintenance, repair or, in most cases, replacement. The costs for these needs are extremely high and are not affordable in rural and northern communities with a low population and a shrinking tax base.

We thank the current government for recognizing the infrastructure challenges faced across the province and for the much-needed support we received through the ReNew Ontario program, the infrastructure stimulus program and the RInC program. However, we know that this is and will continue to be an ongoing problem that requires predictable, long-term and sustainable funding rather than short-term grant programs. We highlight the federal gas tax program as one of those that have got it right by providing much-needed, sustained, year-over-year funding to municipalities for infrastructure needs but requires limited administrative effort by municipal staff.

On behalf of all the organized municipalities in northwestern Ontario, I want to thank you for taking the time to hear some of our concerns, and we look forward to the question-and-answer period.

I do want to wrap up with one of my own analogies here. I started in municipal politics in 1992. I took a four-year break and actually went out west, to Manitoba and Saskatchewan, working. They happened to be open for business. We have a lot of tradespeople out there, who I've met, from right across this province and this country.

For many years, we've told provincial government of all stripes that a made-in-Toronto policy does not work for northwestern Ontario. Governments have agreed that one size doesn't fit all, but yet as policies come forward, they continue to be made in Toronto. Our economy is in turmoil; our population has declined for the past two censuses. Is the government now ready to listen to policies for the north that are made in the north?

Another analogy: If a toilet plugs in Queen's Park, I'm sure you don't call an electrician, so when the economy of northwestern Ontario is in trouble, you just might want to think outside of Queen's Park for your answers.

Thank you.

The Chair (Mr. Pat Hoy): Thank you, and we'll go to the NDP and Mr. Tabuns.

Mr. Peter Tabuns: David, Iain, thank you very much for coming in this morning and giving us that presentation.

Could you enlarge a bit on exactly what investments are needed in northwestern Ontario so that the grid will meet your needs over the next few decades?

Mr. Iain Angus: Thank you, Mr. Tabuns, Mr. Chair-man, members of committee.

We know that there are a number of fairly significant mining ventures that are going to be a reality within the next three to eight years. The Ring of Fire is the one that most of you know about, but there are a number of other projects in the Atikokan area, the Rainy River area, Red Lake, Ear Falls and north of Lake Nipigon. All of those require significant amounts of energy in locations where the current set of wires is not adequate to provide the capacity that's needed.

In addition, we have a number of communities that are served by what's called a radial line. It's a single set of wires that connects community A to community B. There is no redundancy. So in the last month or so, we've had major outages of five, six, seven hours in these communities, where they have no power. Not only does the mine shut down, but the homes are without heat because there's no natural gas. So it's a very severe situation, and as Mayor Canfield pointed out in his presentation, that would not be tolerated in southern Ontario but it's a fact of life up here.

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So we need enhancement of the existing distribution system. We have less of a need for a transmission system, which is the 230 kV line. Our existing 230 kV line is a line that allows power to go from Manitoba to southern Ontario and really does nothing for this region.

We need public investments. It's a public good, as we see it, that is required by the province of Ontario to ensure that the economic development the north needs badly can happen, and the province will be paid back. The taxes generated from these new mines, from our forest industry, which will come back—it may not come back in the form that it was 10 years ago but it will come back with new value added, new dimensional lumber, perhaps some expansion of pulp and paper, but that remains to be seen.

We need investments to make sure that we're able to respond in a timely manner to those who are prepared to invest in the future of northwestern Ontario.

Mr. Peter Tabuns: Given the problems you face today and the prospects you have industrially in the future, was there any consultation with northwestern Ontario before the long-term energy plan was put forward?

Mr. Iain Angus: I want to go back to the first integrated power system planning process, where there was absolutely no consultation whatsoever in that. The OPA came out with a plan that was designed for southern Ontario, and then they just decided to apply the same philosophy or calculations to the northwest. We intervened, as NOMA, NOACC—the Northern Ontario Associated Chambers of Commerce—and the cities of Thunder Bay and Atikokan and pointed that out to them. The energy board agreed and said, "You've got to look at the regions." Then the hearings were suspended. We now

have a new Ontario long-term energy plan, which will be followed up by a new integrated power system plan.

The only consultation was two meetings with the Minister of Energy last summer where we outlined our concerns. Even though we had been a key player at the Ontario Energy Board and were known to the OPA, Hydro One and the Ministry of Energy as the go-to organization—this is the energy task force under Common Voice Northwest, of which NOMA is a key part—no one contacted us to say, “Okay, what do you think the problems are in the northwest? What do you think the solutions are?”

We have participated in the environmental registry over the supply-mix directive. The city of Thunder Bay, the energy task force and NOMA indicated very clearly what the deficits are within our region and strongly said to the government and the regulatory agencies, “You need to have in your 20-year plan a way in which to deal with all of these.”

We know that they can't be fixed overnight. We know that it takes a lot of dollars to do it, but we think the long-term return on that investment will be significant for the province of Ontario. We would like to be talked to.

The Chair (Mr. Pat Hoy): Thank you for your presentation this morning.

For the committee, our 9:30 presenter has cancelled. Is the Student Union of Confederation College here?

STUDENT UNION OF CONFEDERATION COLLEGE

The Chair (Mr. Pat Hoy): Good morning. You have up to 10 minutes for your presentation. There could be up to five minutes of questioning. In this case, it will come from the government. I'd ask you to state your name for our recording Hansard and then you can begin.

Mr. Ryan West: My name is Ryan West. I'm the president of the student union here at Confederation College. I'm here today to represent my students, 3,400 who are full-time students on campus, as well as a member of the College Student Alliance, representing 135,000 students throughout the province of Ontario.

I would like to thank the committee for taking the time to listen to the student union's concerns today, as well as the CSA's, so on their behalf, thank you very much.

Higher education is a cornerstone of the social and economic well-being of our province. As Ontario emerges from the present economic downturn, it is of the utmost importance for the provincial government to focus its efforts on implementing measures to continue strengthening Ontario's post-secondary education system.

Throughout the next 10 minutes I'm going to focus on two main areas: student affordability, the cost associated with obtaining a post-secondary education; and student transferability, the recognition of prior learning as well as transfer from institutions.

Before I go any further, I'd like to highlight the importance of strengthening our post-secondary sector.

Research has linked post-secondary education to direct economic growth, labour force quality, innovation and high-tech activity. Graduates of PSE earn more than non-graduates, contribute more to society and support our province's ability to remain globally competitive.

We recognize the fact that fiscal constraints will limit the government's capacity to provide adequate financial resources to foster economic growth in the public sector. Nevertheless, as we approach a time of significant economic uncertainty and a future defined by people without jobs and jobs without people, it is in the government's best interests to build on its successes and use higher education as one of the vehicles to achieve economic prosperity.

In February 2010, Dr. Miner published a report called *People Without Jobs, Jobs Without People*, which illustrated the challenge Ontario faces in the future. Dr. Miner further explained throughout his report that due to the emergence of the province's knowledge economy, a greater number of Ontario's populace will require higher education to acquire a desired career. Additionally, as the baby boomer population retires, the size of Ontario's labour force will gradually lessen. I remind you to remember the number 1.8 million. That is the labour shortage Ontario will face by 2031. Furthermore, 77% of Ontario's workforce will be required to have post-secondary education credentials by that point.

The College Student Alliance urges the provincial government to use this time as a time to integrate cost-effective and efficient measures that revolve around student affordability and transferability and ultimately increase access to post-secondary education for all of Ontario.

This year has been one of the most difficult years for students, as their dependence on financial aid has increased. The College Student Alliance, recognizing the government also faces similar challenges, believes the following three recommendations can be implemented with little cost to improve post-secondary education access, financial aid and student success: (1) re-evaluate the Ontario assistance program, known as OSAP, to determine areas of opportunity for cost-effective improvements and greater support for domestic as well as international students; (2) fulfill the 2007 election platform promise of enhancing targeted financial assistance for under-represented groups by eliminating the education tax credit; and (3) ensure tuition set aside for international students, which are derived from international student fees, are allocated for funds for work and study opportunities as well as college bursaries.

My next section is going over why OSAP should be reviewed. According to the Canadian Millennium Scholarship Foundation, 40% of students who exit the program prior to completion do so because of insufficient funds. Evidently, both the cost of post-secondary education and the associated costs of living for students have dramatically risen throughout Ontario. This should be reflected through OSAP distributions.

Ontario students accessing OSAP are allocated \$34.72 daily for living allowance. This stipend is dedicated to transportation costs, shelter, food and miscellaneous items. It positions students \$3,000 to \$5,000 below the poverty line. Loan aid is capped at \$12,354, yet in 2003, the average cost of living for a single post-secondary education student in Ontario was \$14,512 per year.

Without significant support, students are forced to take part-time or full-time jobs to adequately cover the costs of post-secondary education. Unfortunately, government policy limits the ability of students to work and earn sufficient income to fund their post-secondary education. During a time of economic uncertainty and limited employment opportunities, OSAP must either provide students with the financial means to adequately cover the costs of studying and living, or the system must permit students to work without deductions in aid. Policy change to OSAP will not cost taxpayers and will promote employment throughout students' years of study.

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The Ontario government has spent more than \$1 billion, representing the largest expenditure of non-repayable financial assistance that traditionally supports higher-income students and/or their families. In the 2007 election platform, the government promised to eliminate the tax credits and redistribute the funds to upfront grants. Ontario's college and university students have not yet seen this promise come to fruition. The Canada Millennium Scholarship Foundation has noted that the average tax credit claimed per young person in the top income-earning quartile is twice that of the average tax credit available per student in the bottom quartile.

In 2009, only 6% of international students reported having received scholarships from their respective colleges. The College Student Alliance suggests that the government should ensure tuition set-aside funds for international students. These funds, derived from their student fees, should be allocated to employment opportunities and financial assistance. These can be measured and implemented at low cost, and Ontario's knowledge economy will continue to benefit from their skills in Ontario.

Our second recommendation revolves around the credit transfer. First and foremost, I would like to acknowledge the Ontario government's recent promise to integrate a credit transfer system over the next four years. We do applaud them for that effort. It has been a long time coming. We were all pleased to hear this. However, students of today still face the challenge of retaking courses and buying the same textbooks, costing them time and money. Following the implementation of this system, the cost benefit to students will amount to roughly \$26,000 to \$50,000 if 65% of student credits were to be accepted by a university. However, as of today, college and university students and graduates still do not receive proper recognition for prior learning. As a result, they are leaving the province to pursue further studies elsewhere, or else they enter the workforce.

Ultimately, we are compromising many opportunities for students continuing to learn in Ontario.

Just some more facts: In the last eight years, the number of college students seeking university programs has doubled. Nearly 25% of college applicants have identified preparation for university as the major reason for applying to Ontario colleges. In credit transfers, an average annual benefit to Ontario's economy over the next decade lies between \$36 million and \$61 million.

In summary, student affordability and transferability are two robust measures that could be utilized to improve the effectiveness and efficiency of our post-secondary education system and generate a return on investment for Ontario.

In closing, I thank you very much for spending the time today with me, and I look forward to your questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning will come from the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you for being here this morning, and thank you for what you do in representing our post-secondary students.

I have a few questions—more of just a clarification. You have some interesting research; I'd like to get some references there as well.

I assure you that we hear what you're saying. I have three teenage boys, and the first is going to post-secondary in the fall, so I particularly want to talk about where you stand on reducing parental contributions for your membership.

First we'll talk about transferability since it's in your summary as one of the two major focuses, and yes, you did reference that the government has announced that. We're looking at ways to make that much more efficient, of course, for students in all areas. Have you had any discussions with your membership on how that might look, or any input or feedback that you could give to the government on that topic?

Mr. Ryan West: Over the past decade, the CSA has worked diligently to provide student feedback to governments around the importance of transferability among programs from college to college, college to university and university to university, because of the huge economic costs associated to those students for not recognizing prior learning.

As far as implementation, we have made submissions to the government. I believe we've already submitted one around the creation of change, which is part of the document I sent you. We have sent a number of submission pieces to the government over the past few years around improvements to post-secondary education, including possible ways of credit transfer. It's very difficult, because we recognize that there are a lot of differences between the college and the university system. Working on an agreement is really going to be a true partnership between government groups, student focus groups, as well as the institutions themselves through their representing bodies.

Ms. Leeanna Pendergast: Excellent. Thank you.

We're also hearing—we heard from the UWO and Windsor student alliances, as well as the colleges, St. Clair College, Western as well, and the University of Windsor. We're hearing comments on the Ontario access grants, of course, that students prefer the money up front, and you made a comment about the education tax credit. Do you have that reference handy, what you gave on the education tax credit? There was an interesting reference—

Mr. Ryan West: I do.

Ms. Leeanna Pendergast: I can get that from you after.

What about reducing the parental contribution? Are you hearing that from your membership as a priority? I guess I could segue into that as well—

Mr. Ryan West: There are a number of concerns around OSAP. How much does that parental contribution factor into it—

Ms. Leeanna Pendergast: As an accessibility piece for all.

Mr. Ryan West: Yes, as an accessibility piece.

There are a number of issues. Also, with the changes to OSAP last year, students are able to earn \$1,400 a semester, which is an increase of about \$400 over the previous few years or decade. Along with that, the government also funds a program called the Ontario work-study program, which helps college and university students work on campus. It's supplemented by the government, but through that program, they're only able to earn \$1,000 per semester. It doesn't really make sense that we're operating a program where you can only earn \$1,000 when the levels of OSAP have been lifted to \$1,400.

Ms. Leeanna Pendergast: That's been a long-standing problem, hasn't it?

Mr. Ryan West: What's that?

Ms. Leeanna Pendergast: That's been a long-standing problem, the earning \$1,000?

Mr. Ryan West: Yes. I believe the cap for the Ontario work-study program has been the same probably since around 1980. It's been a number of years, yes.

Ms. Leeanna Pendergast: Yes, I remember that.

Mr. Ryan West: With the change to, obviously, the levels of minimum wage—for students, I think it works out to about five or six hours per week. On average, students will probably work 12.

Ms. Leeanna Pendergast: One quick, last question before the Chair cuts me off. Staff training and support: Are you hearing about support? We've heard consistently the need for support for staff and training for staff. I mean, I'm a teacher. I have a B.Ed. I have training, and we're hearing that they'd like to see that sort of support level for post-secondary staff as well.

Mr. Ryan West: I'll answer this quickly. Yes, support for our staff is key as well, because it does help our students in the classroom and support student success as a whole. The same goes for faculty as well. That is something that I would say isn't on the highest part of the college system in terms of our affordability piece.

Ms. Leeanna Pendergast: That's my question, yes: Where does it fit with student affordability?

Mr. Ryan West: We'd like to see more changes to OSAP particularly, even if there was an increase to the operational grants given to colleges and universities. That might even allow for a possibility of a tuition freeze for a year or two, which would save millions of dollars for students throughout the province and help them pay off their debt quicker.

Ms. Leeanna Pendergast: Excellent. Thank you, Ryan, and again, thank you for everything that you're doing on behalf of our students.

Mr. Ryan West: Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

THUNDER BAY CHAMBER OF COMMERCE

The Chair (Mr. Pat Hoy): Now I call on the Thunder Bay Chamber of Commerce to come forward, please. Good morning, gentlemen. You have up to 10 minutes for your presentation. There could be five minutes of questioning. This time, it would come from the official opposition. I'd ask you to identify yourselves for our recording Hansard.

Mr. Harold Wilson: Mr. Chair, thank you. Harold Wilson and Dennis Buset. I'll formally introduce us in our remarks.

The Chair (Mr. Pat Hoy): Very good.

Mr. Harold Wilson: Mr. Chair, members of the standing committee, thank you for once again holding pre-budget consultations here in northwestern Ontario. My name is Harold Wilson and I'm the president of the Thunder Bay Chamber of Commerce. I'm joined by Dennis Buset, director and past chair of the board. Our chamber represents over 1,000 members, covering all sectors of the local economy.

In addition, I'm also the chief operating officer of the Northwestern Ontario Associated Chambers of Commerce, which represents over 2,300 businesses who are members of chambers throughout our region.

We're very pleased to make this formal presentation to the committee and to outline a number of areas that we believe should be considered in the crafting of the current budget and those to come for the next few years for the province of Ontario.

Firstly, the growing debt of this province is of great concern to the business community, especially when it does not appear that there are specific targets and a timetable to reduce our debt, estimated to have grown to \$236.5 billion by March 31, 2011. This is significantly over the \$157 billion as of March 31, 2007.

While much of the government's statements recently have concentrated on the issue of the deficit, which has also grown substantially and must be addressed, there must be specific targets for debt reduction and a clear plan to meet those targets. It is understood that there are always fiscal issues that must be reasonably dealt with

during times of economic downturns. However, there must be real debt reduction during times of expansion, and this has appeared a much more difficult undertaking for the province.

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The chamber requests that a debt reduction timetable be presented with the next budget outlining what specific steps will be made above the plans for deficit reduction. A lack of commitment to addressing the debt issue impairs our province's ability to prosper.

Like every budget, there needs to be an effort undertaken on both the revenue and the expenditures portions of the budget. We also understand that there is a significant difference between expenditures and investments and we request that this clear distinction be noted in preparing plans.

There are significant opportunities that would be very positive on the revenue side if we work strategically. Last year's provincial budget outlined the economic opportunities of the Ring of Fire as one example. However, to achieve the benefits of this initiative and other resource development, the government will need to take a lead on strategic investments. There will be significant provincial support required to bring this project to fruition, especially around infrastructure. As we will want to maximize the economic impact of this mining development for our province, we should be encouraging value-added, including processing, wherever possible.

While it will be a business decision about where the processing and associated jobs will be located, it is critical that the province ensure that we are investing our resources wisely. The government must mandate that a proper accounting of all the costs borne by the taxpayers associated with the Ring of Fire is tracked and that when private sector decisions are made, the full amount we have invested is part of the payback calculation that must be included. We're not dictating to the private sector but we are protecting our financial investment and encouraging strategic benefits. For example, the economic impact that is returned to Ontario would be deducted from the amount owing. The more direct the benefit, the lower the amount that need be paid back.

The Ring of Fire and Far North economic development also requires that benefits accrue directly to First Nations communities, and this effort should be targeted for investment in enhancing the capacity of First Nations to develop their economy. We suggest a focus on effective business supply chain development would yield significant long-term benefits throughout the region and province. The more goods and services that can be accessed close to the mining developments the better will be the benefits to the province and the progress of development.

Nishnawbe Aski Nation Grand Chief Stan Beardy has spoken about the incredible infrastructure challenges required to develop the resources of the Far North and to benefit their communities, especially around the Ring of Fire. It must also be addressed that the resource areas in our Far North require infrastructure corridors that are

predominantly north-south, be it road, rail, telecommunications or electricity. The province's efforts on protection, including current caribou preservation efforts, run east-west. Conflicts within the province's government priorities for the Far North must be tackled head-on, otherwise the next 10 years will be characterized entirely by infrastructure planning and not by any infrastructure building.

There's also a need to be proactive regarding the infrastructure needs of our municipalities to provide the base for business development that major resource sector investment requires. For example, surging gold mining communities such as Red Lake and Kirkland Lake have major current infrastructure challenges, especially around residential growth. We suggest commercial opportunities and needs are also a challenge. Greenstone will be next. The provincial ministries need to get involved quickly in providing the necessary support to municipalities to build, but not overbuild, to meet the needs. Cranking it up five years from now will not help, nor will expecting municipalities to have their required percentage ready. Municipalities live off the tax base; senior governments enjoy the resource revenue. Acknowledge this and provide the support needed to make these infrastructure investments in a timely, effective way.

Throughout the north the mantra should be to maximize value. Our chamber led the charge last year to the Ontario Chamber of Commerce, which unanimously supported our resolution that a minimum of 26 million cubic metres of wood annually be legislated as available for use by existing mills and new entrants. The provincial wood supply competition, kicked off in November 2009, was an example of how to make use of a resource that has been languishing. However, the plodding nature of the effort to work through the competition has been painful for all involved, including the province.

The wood supply competition could have been completed much earlier had the assessment criteria been transparent and tied to maximizing the value of the resource. A weighting of jobs, innovation, partnerships, new markets and products, financial viability and other criteria would have made the assessment and subsequent awarding of wood much easier and we would be in a better position as a province to be realizing the investments that would have come and the accompanying jobs and increased tax revenues.

Mr. Dennis Buset: While the government has taken steps to address and adjust current electricity pricing for industry, which has meant a marked improvement to the corporate bottom line, this is acknowledged as a short-term benefit. It does not encourage industrial investment and expansion, which is based on much longer time horizons. We are all aware that discussions related to processing chromite in Ontario are very much contingent upon energy costs. Energy pricing certainty for industrial and commercial investment must be a focus of the government in order to attract investment and encourage growth in our economy.

We also need the deficiencies in the existing transmission and distribution systems, articulated elsewhere by the Common Voice Northwest energy task force, including the failure of the proposed east-west tie line to connect Nipigon to Thunder Bay, to be clearly addressed within the 20-year plan under consideration by the province.

There is another suggestion concerning strategic support for investment development in northern Ontario that is fully within the purview of the province. Since the mid-1990s, the Ministry of Economic Development and Trade has not provided services or programs in northern Ontario. That role was picked up by the current Ministry of Northern Development, Mines and Forestry through its regional economic development branches. However, the shortcoming has been the delivery, as the current structure, one that removes direct responsibility for MEDT, has severely diluted their programs' effectiveness. In order to ensure that the north benefits as much as the rest of the province from direct access to the programs and services of the main two-way instrument of government support for economic development and growth, we need to have a MEDT office back in the north. Northern municipalities, economic development officers and businesses would definitely benefit.

Specific improvement to the government's financial instruments: There are a number of things that we'd like to address in this area. There is room to make improvements to existing programs that will result in greater investment and economic activity. Other provinces have recognized that enhancing research and development tax credits to supplement the federal scientific research and experimental development program, or SR&ED, is an effective way to encourage research dollars to be spent in their jurisdictions. Specifically, Saskatchewan and Manitoba have recently enhanced the attractiveness of their programs: credits of 15 and 20 cents on the dollar respectively, compared with Ontario's current incentive of 10 cents on the dollar. Corporations in Quebec enjoy the highest rate of return on a dollar spent on R&D labour, at a combined federal and provincial rate of 82.5 cents for every dollar spent.

The Chair (Mr. Pat Hoy): You have about a minute left for your presentation.

Mr. Dennis Buset: Thank you.

A fully refundable innovation tax credit for small business would assure Ontario a place as the most attractive environment in Canada to perform scientific research and economic development.

Another concern for business is labour force development. The looming labour shortage has been well documented by the Canadian Chamber of Commerce in their research papers. One of the areas where the province of Ontario can help would be a measure to relieve the financial burden facing our youth as they strive to become skilled tradespeople. This could easily be accomplished by the province allowing, as qualifying expenditures from an RESP, safety apparel and the necessary tools

purchased by students in pursuit of a career in a recognized trade.

Mr. Harold Wilson: Finally, we'd like to consider an important aspect of the expenditure side of the budget challenge. Regulatory ministries such as environment are coming up with new directives, foisting new initiatives upon us that will require infrastructure within municipalities—and therefore their taxpayers. The ministries should also be presenting compliance costs to government, not ignoring their impacts.

Moreover, employees of regulatory agencies, when faced with a reduction in activity from existing resource sectors, often go in search of additional targeted firms or increase their presence in existing operations, which our chamber members have seen in abundance. When business is faced with revenue shortfalls, we seek ways to trim our operations. Government has not sought a similar response, and the business community has been the recipient of their need to keep busy or get laid off. This is considerably different than the MEDT example cited above, which was about facilitating and supporting new investment.

We thank you for your attention to our presentation. We await any questions that you have.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Mr. Ouellette.

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Mr. Jerry J. Ouellette: Thank you very much for your presentation. You mentioned the Ring of Fire. More specifically, what benefit do you feel should come to the province from the Ring of Fire development, and how so?

Mr. Harold Wilson: There are many specific benefits that can come. I think a lot of the concentration, though, has been about, let's just see the processing portion go. There are already a lot of economic impacts that are being felt here in the northwest—the exploration side, the development side. We have significant growth in a number of companies in Thunder Bay. One example is just in the issue of assay labs alone. There were over 260 people employed a year ago in that, and a lot of people in the community aren't even aware of those impacts. We've seen growth in a number of the companies that serve that.

However, such things as the regulatory side and issues like the Far North Act have an immediate dampening effect. If it's difficult to raise funds, if it's difficult to raise money for exploration in the markets, be it Vancouver or Toronto, that goes right away to the ground. We feel that right now in our communities; it's not felt on the bigger side. The province, I know, is looking at actual operating mines, which is farther along.

After exploration and development, you still need construction. Then, there's the operation. The operation side might not come for five to 10 years. Then, after operating, there's the issue about value-added processing and the rest. So there are significant economic benefits that are already accruing. We're already feeling some concerns about that, and we have expressed them on

numerous occasions. But we want to be able to see these things grow to fruition.

The last part, and we just touched on it, is that we have been doing—at our Thunder Bay Chamber of Commerce we've seen a lot of new membership from both First Nations-owned businesses as well as those associated with the mining industry. We see that as having significant opportunities for growth. If we can start to work to develop along that supply chain, working with companies that would be located in those First Nations communities to be able to be suppliers—it's going to take some strategic moves, probably some things that aren't being considered right now. All of those pieces, though, will yield many more dollars into the coffers of this province.

That other part we talked about a lot, because there will be significant economic impacts and great benefits. But we really need to track how much we're going to be spending. The government is going to be asked to do a huge infrastructure investment in this. We have to make sure, as much as possible, as we've said, that we're protecting that investment. The big issue right now in northwestern Ontario is where that value-added processing facility will be. Will it be in the northwest? Will it be in other locations? Will it be outside the province? Quite frankly, there would be a lot of costs associated with bringing that thing to fruition, and we need to make sure that those are going to be covered off to maximize the benefit to the province.

Mr. Jerry J. Ouellette: When you talk about the value-added process and potentially where it's going to be located, what are some of the determining factors? I would think hydro would be one of the key ones.

Mr. Harold Wilson: The biggest determining factor, as far as I'm personally concerned, and we've had a lot of discussions on this, is energy. Issues about being able to do some energy rebates—that's fine in the short term, as we've said, but it's long-term energy costs. Right now, there are other jurisdictions right around us, and we know that's already had an impact in Ontario and will continue to. When people are making investments about where they're going to locate, anything that's high-energy consumption is going to be first and foremost.

So we're looking at other jurisdictions; we're looking at other countries. That's a huge determining factor. That's why we need it seriously addressed now, especially from the industrial side. One can separate industrial and residential, but what are we doing to attract industry to Ontario?

Mr. Jerry J. Ouellette: You mentioned the Far North Act and the impact of that, potentially. I gathered from your statements that it negatively impacted—it deterred businesses from investing in the community. You stated about Vancouver and Toronto and that investments were being—

Mr. Harold Wilson: We've received feedback from such groups as the Ontario Prospectors Association and the northwest prospectors. Again, one of the great things about the early stages of development is that those monies are spent on the ground. It's spent in com-

munities like Greenstone. It's spent up in Red Lake; it's spent up in a lot of the northern communities. So anything that has a negative impact on whether or not they can develop in the future has an immediate impact, and that has been seen. That's the feedback that we've received. Those are also the concerns expressed from a variety of companies that are already serving that. They're saying that the expansions that they were looking to have over the near term have been dampened. We'll see if that'll come back. But any time there's uncertainty about the longer-term vision for this province, it has an immediate impact on us.

Mr. Jerry J. Ouellette: I recall—

The Chair (Mr. Pat Hoy): Very short.

Mr. Jerry J. Ouellette: I recall when Ontario was leading in the mining sector around the world with some changes that came forward in a significant number of areas. I've also met with Grand Chief Beardy on this, and he's looking forward to moving forward and developing First Nations communities. What aspects of the Far North Act do you think need to be corrected in order to move it forward, to remove that uncertainty?

Mr. Harold Wilson: Well, I think the First Nations are the main people that that should be discussed with. I know they have made their point very clear about that.

What we wanted to see are opportunities for development. Everybody does want to see planning. Nobody ever said we were against planning or the rest of that, but again, if one has made a case that they're taking some 50% of the land base away, and they just won't tell you which 50%, that obviously has an impact on the issue about uncertainty and an issue on being able to raise capital.

Mr. Jerry J. Ouellette: Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

LITERACY NORTHWEST

The Chair (Mr. Pat Hoy): I ask Literacy Northwest to come forward, please. Good morning. Your presentation can be up to 10 minutes; there may be five minutes of questioning coming from the NDP in the next round. I'd just ask you to state your name for the purposes of our recording Hansard.

Ms. Annemarie Wesolowski: Good morning. My name is Annemarie Wesolowski. On behalf of the Literacy Northwest board of directors and the 17 literacy and basic skills delivery agencies in the region and their learners, I'd like to thank you, Mr. Chairman and standing committee members, for allowing me to present to you today.

In 2009, to bolster the province's economic recovery and to support the transition to a fully integrated employment and training system, the Ontario budget initiative invested an additional \$90 million over two years for literacy and essential skills training. While this funding comes to an end on March 31, 2011, the adult literacy field and the more than 60,000 adult learners across On-

tario who are accessing literacy and essential skills upgrading in Ontario would very much like to thank the government for the benefits that this investment has provided them.

I hope to impress upon you the need for sustaining increased investment by sharing with you some of the key outcomes that literacy agencies and learners have achieved in the Literacy Northwest region through to September 2010, as well as sharing with you some of the identified issues and concerns that agencies and learners alike have expressed with regard to the future decline in funding, particularly during this time when there's an increased need for services. The information I'm about to share with you has been gathered and compiled as a result of an annual literacy services planning cycle that takes place in all the regions throughout the province.

Through to the end of 2009-10, 100% of delivery agencies reported expanding services to include more daytime, evening, online and/or year-round access to literacy services. In addition, 100% of delivery agencies also upgraded their program space and/or added new program delivery locations to accommodate more learners, to provide an atmosphere that's more conducive to learning and/or to be more accessible and visible to the communities they serve. On average, through the increased funding, agencies were funded to increase the number of learners they serve by 32%. The actual number of learners served increased by 66%. Agencies also increased their contact hours by 14.5%.

In the Literacy Northwest region, 353,074 contact hours were delivered to serve 2,882 learners. Of the 1,732 learners that exited the program at the end of 2010, 53% completed their upgrading goals, 27% were employed, and 24% moved on to further education and training opportunities. The return on investment is just beginning to kick in.

Some of the key issues and concerns that were expressed were:

- Initiatives that were undertaken through the increased funding to enhance agency capacity to respond to community needs and to the Ministry of Training, Colleges and Universities' service priorities will be drastically diminished if funding is now decreased.

- Recent investments in marketing and outreach have resulted in increased community awareness and greater expectations of access to services; service capacity must be maintained in order to achieve maximum return on the investment and to retain community confidence and program credibility.

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- The phenomenal success of the e-Channel projects—and through the additional funding, the e-Channel projects were allowed to accelerate their growth in terms of development of program and curriculum. The project is distance literacy and basic skills delivery via a Centra platform—a synchronous, they call it. It's a live platform format. It clearly demonstrates the need for this type of delivery option, particularly in the north, where the population is spread out and we have very many

remote communities. As such, the e-Channel project status needs to be changed to program status, with firm funding transfer dates to allow for effective planning, consistent access to programming and stable staffing to ensure quality service delivery and growth.

- Skill shortages need to be addressed now. I know you've heard this many times, and of course, that's been confirmed through many current forecasts and numerous reports that are available, such as the Dr. Rick Miner report, *People Without Jobs, Jobs Without People*. Literacy and essential skills upgrading is an integral component of rebuilding Ontario's economy and workforce, and if funded adequately, Ontario will reap a healthy return on its investment. The literacy and basic skills program is vital to achieving the Open Ontario plan to strengthen the province's economy and create more jobs. Long-term, stable investment is needed to achieve these results.

While literacy and basic skills agencies are clearly accountable to the Ministry of Training, Colleges and Universities, they are also accountable to their learners and to the communities they serve. They're the folks who are on the ground. As such, the field hopes to work in collaboration with the Ministry of Training, Colleges and Universities, the other learning ministries—the Ministry of Education, the Ministry of Citizenship and Immigration, the Ministry of Culture—and key literacy stakeholders to develop a strategy for stable, long-term funding for literacy and essential skills training—funding that invests in people's lives; that provides all segments of our population with the opportunity to contribute to and benefit from the multitude of new and diverse economic opportunities that are emerging throughout the province, in particular, across the Far North; funding that responds to the labour market needs of today and tomorrow.

As reported in the Ontario news on December 2, 2010, in regards to ending stimulus funding, the Minister of Infrastructure, Bob Chiarelli, said, "Some projects need a little extra time ... it would not make sense to build the four walls and not the roof. We need to keep pushing forward on these projects, to create needed jobs in our communities today, and lasting legacies that will improve the quality of life for Ontario families for years to come."

I would suggest that the same could be said for the two-year budget initiative funding for literacy and essential skills training, which came after more than a decade of flatlined funding and diminishing services. Agency capacity has now been strengthened and services expanded in response to growing needs as a result of that additional funding. Now is not the time to return to inadequate funding levels. It would be just like building the four walls and not the roof.

I'd like to take a minute and share three testimonials from learners in our region. One testimonial: "The staff" at my agency "are patient, knowledgeable and positive instructors that make the atmosphere of learning less suffocating and more like an endless stairway, which you can climb and keep climbing. My instructor was always

eager to help, even if it wasn't needed, and if I win the lottery I'll keep this program free in Canada. As an aboriginal, I'm happy to say this program and its staff are the most amazing people I've met during the educating years of my life. This program is the last beacon of light for some, so let's keep it blinking."

From an apprentice: "I enjoy coming to class and having someone help me in any questions that I have with math or trade materials. A great course to help prepare for the trades exam."

Finally, from two of our learners from the remote communities: "We enjoyed the social contacts in academic upgrading and the teachers were knowledgeable and extremely helpful. The academic upgrading program and the dedication of the staff helped us reach our post-secondary goals."

Once again, thank you for providing me with the opportunity to present to you and to share information with you that I hope will inform your funding recommendations.

The Chair (Mr. Pat Hoy): Thank you. We'll go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Thank you very much for coming in today. Also, thank you for the work you do. I think it is of great consequence.

Could you tell us a bit about where you draw your students from? Are these people who are employed, unemployed, on social assistance, if you can categorize where the bulk of them come from? And where do they want to go with the literacy training they get from you?

Ms. Annemarie Wesolowski: It's truly a mix, the makeup of the adult learners who access literacy programs. The bulk of them would be not employed.

Of those who are not employed, some would be on social assistance of various different forms, whether it's Ontario Works or the Ontario disability support program. Others are homemakers and/or they have other means of support. A small percentage of the learners who access programs—now, I'm just speaking on behalf of northwestern Ontario and not the province as a whole.

Mr. Peter Tabuns: I understand that.

Ms. Annemarie Wesolowski: There are a few, a smaller percentage of individuals, who are employed. However, over the past year and a half, that percentage has increased—although small, it has increased—as a result of a number of the agencies throughout the region being able to now offer evening classes and/or more flexible learning opportunities. It's also been reported that the number of employed learners has also grown as a result of the distance delivery format that's now available. So it's accessible anywhere, anytime, 24/7.

Mr. Peter Tabuns: They come to you. They want to learn. What do they expect to use their literacy skills doing once they've completed your courses?

Ms. Annemarie Wesolowski: For the majority of learners accessing programs in the northwest, their primary goal is to access further education and training. So they're accessing literacy upgrading services so that they can improve current levels of skills or learn new

skills that will allow them to access that next step of training, whether it's a post-secondary program at the college and/or the university, whether it's to get into an apprenticeship program and/or whether to get into entry-level jobs or positions.

We have a percentage of learners who are accessing programs for employment reasons, so it's either to improve their current employment situation by learning new skills that are a requirement of that or to be able to move into different employment positions. Quite often it's with the same employer, but perhaps there's an opportunity or there have been opportunities in the past to be able to move up and they haven't been able to take advantage of that because they haven't received the skills training needed to be successful in doing that.

Mr. Peter Tabuns: Okay. I don't have further questions. Thank you.

The Chair (Mr. Pat Hoy): And thank you for your presentation.

THUNDER BAY HEALTH COALITION

The Chair (Mr. Pat Hoy): Now I'd ask the Thunder Bay Health Coalition to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning, coming from the government in this case. I ask you to state your names for our recording Hansard.

Ms. Sara Williamson: Sara Williamson.

Ms. Barbara Maki: Barbara Maki.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Sara Williamson: Good morning. I'm Sara Williamson, and this is Barb Maki. We're co-chairs of the Thunder Bay Health Coalition. We welcome the opportunity to speak with the Standing Committee on Finance and Economic Affairs about the future direction of our provincial economy and health care.

The Thunder Bay Health Coalition's goals are to ensure that the Canada Health Act is maintained and to expand medicare to areas in long-term care, home care and pharmacare. We host forums, monitor health care issues and work in conjunction with various groups to bring about improvements to the health care system. We're non-partisan and we're affiliated with the Ontario Health Coalition.

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In Thunder Bay and surrounding areas, times are difficult. People depend on the health care system more than ever. We have many strengths and weaknesses in northwestern Ontario. We're a huge land mass, as you know, and a small population. We've got high unemployment; high rates of diabetes, high blood pressure and arthritis; the highest rates of mental health visits to the emergency department; high suicide rates; and so on. But we like it here, and the citizens want a budget that pays for public health care and supports equity of care.

The public health care model is sustainable. Health care privatization solutions are not solutions. The mantra to privatize comes from self-serving organizations like

TD Economics, which is linked to investments in P3 hospitals and private health insurance. The Ontario government should not rely on the analysis of TD Economics that attempts to doom public health care.

The real solution is to better distribute Ontario's gross domestic product, the wealth of Ontario, and restore balance between government revenue and meeting human needs. Giving big tax cuts and exemptions to corporations and wealthy individuals was a mistake. Now Ontario is dead last among the provinces for per person spending on all programs and services, which includes health care. It's no wonder that health care looks like it takes up a large proportion of the provincial budget. It's easy to appear as a big fish when the spending pond keeps getting smaller.

Ms. Barbara Maki: The situation in the Thunder Bay area: Our coalition acknowledges the fact that our area has seen positive movement specific to health care in our region. We do, though, have several issues that concern us regionally.

The lack of catastrophic drug coverage is harsh in our community, where cancer is so prevalent. LifeLabs now does tests for the general public that was work formerly done at the Thunder Bay Regional Hospital. The service was discontinued because the Ministry of Health and Long-Term Care funding structure did not remunerate hospitals for these costs, but did pay private, for-profit labs. So instead of expanding lab work and gaining revenue, Thunder Bay Regional had to change business lines to the lab.

The continual gridlock, which is about 99% of the time here at our regional hospital, is ongoing, with alternate-level-of-care clients—those are the ALC clients—occupying beds that are designated for acute care clients. This is something that has been especially problematic in our area, with the hospital being closed to the region. This can result in delays for clients who require care and can certainly result in negative patient outcomes. In September 2010, the Thunder Bay Regional Health Sciences Centre saw at least 25 patients on stretchers in hallways and in the alcoves. In the emergency department, it can take a day to be admitted.

In October 2010, surgeries were cancelled and the number of alternate-level-of-care-bed patients hit an all-time high of 87; 43 of the latter were long-term-care clients waiting for placement in long-term-care facilities.

The long-term-care home wait-list gives preference to patients in the alternate-level-of-care beds. This leaves families struggling to organize 24/7 care at home for a family member who also really needs to be cared for in a long-term-care home.

Bit by bit, there are improvements in the systems—efficiencies, perhaps; partnerships; funding to add capacity—but in all of northwestern Ontario, only Thunder Bay Health Sciences Centre can provide moderate-surge-capacity critical care services, which are level 3 services, while a second site six hours from Thunder Bay can provide level 2 services. If there were a moderate or major surge event, which would be like a mine explosion,

a large airliner crash or a deadly flu, our capacity for transportation of critically ill patients and the deployment of skilled health workers is very limited.

Community hospitals are many hours apart here, as we have geographical constraints. ALC patients would have to be bumped out, but we really don't have anywhere to put these clients.

Delays in provincial funding for St. Joseph's Care Group to build the new mental health wing, supportive housing and a long-term-care complex are having a ripple effect of further backlogging health care wait-lists. Because of the shortage of long-term-care beds, some seniors in the community end up in retirement homes. These are not regulated to provide nursing care and can cost individuals thousands of dollars every month. The new retirement home act does nothing to protect tenants.

And the story gets worse. Our long-term-care beds lack adequate care standards and the dedicated funding to provide for heavier-care residents who have been moved out of mental health facilities and hospitals. Patients who move out of hospitals to their own homes face rationed home care, which can be inadequate unless the family is able to assume a substantial burden of care. Respite care for full-time caregivers is almost nonexistent, and yet home care agencies are busy providing care in homes across the city to households that can afford to pay. It is actually a two-tiered system.

At a forum here in Thunder Bay specific to a minimum care standard for direct care/hands-on care in long-term-care homes, the message was very clear that means must be found to have sufficient appropriately trained front-line staff in the homes. Managers hoped that measuring residents' needs with the resident assessment instrument, the RAI, would convince the government that more well-trained staff were absolutely necessary. However, a front-line health care worker observed that at work sites with insufficient staff, there isn't time to do these RAIs thoroughly. As a consequence, data incorrectly reflects a lower level of need for these clients, and thus evidence for more funding is lost.

Ms. Sara Williamson: Hospitals are being strangled. Health care budget constraints have fallen heavily on hospitals. The provincial government has funded hospitals at less than the rate of inflation for three years consecutively, forcing hospitals to restructure and patch their services with one-time-only pilot funding. Our acute care hospital has been balancing the budget by not filling staff vacancies. Last May, the outgoing chair of our acute care hospital predicted that they will have to cut some services in the future, with the result that patients won't get some of the types of care that they need when they need it, and the care may not be in their town.

We have a lot of recommendations:

—Cancel the corporate tax cuts, eliminate the employer health tax loopholes, and move Ontario's health care funding in line with the rest of the country.

—For medically necessary services in all settings, whether they're in the hospital or in the community, including ambulance services, home care, long-term care,

mental health care, palliative care, restorative care—whatever—provide timely core funding that's sensitive to real costs. A zero formula is just unrealistic.

—Restore hospital funding to meet, at minimum, hospital inflation and stop service cuts.

—Reinstate and fund a measurable long-term-care home minimum standard of care of 3.5 hours per resident per day.

—Examine and curb excessive administration and executive costs in health care.

—Stop the increasing privatization of health care, especially in home care and long-term care, where millions of dollars end up as profits for shareholders instead of back into our system.

—Cancel competitive bidding—don't just freeze it; cancel it—and cancel pay-for-performance hospital funding and the P3s.

—Provide catastrophic drug coverage within a federal framework. The government is congratulated for at least starting to put this thing forward in 2008 and offering to cover 50%, but keep working on it, because we need a good pharmacare plan.

—Address the social determinants of health: economic equity through good jobs, income support, social housing, inclusive community supports and education.

I think the good news is that it's sustainable; public health care is sustainable. We just have to use our fiscal capacity to do it.

The Chair (Mr. Pat Hoy): Very well. Thank you. The questioning will go to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Sara and Barb, for being here. We appreciate your presentation.

Actually, Sara, you left off right where I wanted to begin, so it's a beautiful segue: the idea of sustainability. Health care in the province is sustainable. On page 3, thank you for your comments that the model is sustainable. It's certainly about a fine balance, and that's why we need your input, specifically your input in the north and your specific needs. I'm from the southwest. Kitchener-Conestoga is my riding, so it's wonderful to be here—thank you for hosting us—but it is a different situation that we have in the south than you have here in the beautiful north. It's so beautiful we may never leave. We love it here.

Ms. Barbara Maki: Do stay.

Ms. Leeanna Pendergast: On page 4, Barb, you talked about the human cost. Your coalition acknowledged that you have seen positive movement specific to health, and we thank you for that. But I want to reassure you that we do hear the rest of your specific local concerns, and that's very helpful, your input in that area.

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Moving right to your recommendations, which would be number 5: "Reinstate and fund a measurable long-term-care home minimum standard" of 3.5 hours. I work closely with the long-term-care homes in my riding as well. I'm wondering if you have any studies or if your

coalition has done any research into this for cost measures, what this would look like in terms of cost.

Ms. Sara Williamson: We had the figure at the last budget round, so I'm not sure what it is this year.

Ms. Barbara Maki: If you look at the Ontario coalition web page, there are a number of studies that will give you the numbers, I would suspect, for that.

Ms. Leeanna Pendergast: Okay. I'm going to jump right to the last one, number 10: "Address the social determinants of health"—absolutely. That's a huge recommendation that you have there. We're talking about being proactive and preventive—absolutely the way to go, rather than being reactive and focusing on hospitals and ERs. Again, any further—

Ms. Sara Williamson: Excuse me, but it's not an either/or, because—

Ms. Leeanna Pendergast: No, absolutely.

Ms. Sara Williamson: —we have to look after people. But if we're building for the future too, we've got to put that in place.

Ms. Leeanna Pendergast: Absolutely, so addressing those social determinants. Has your group had any discussions or any more feedback or input that you could give us in terms of how that might look?

Ms. Sara Williamson: Well, like you said, it's huge. We're supporting the initiatives and the suggestions that others have in that area. I think that, for instance, Poverty Free Thunder Bay will be presenting later, and they will have some things to say about income support. And the labour council will undoubtedly be talking about good jobs. Some of our other community services are going to be talking about some of the community supports that are needed if we're going to have a healthy community.

Ms. Leeanna Pendergast: Excellent—and, of course, the involvement of all those different ministries in those areas.

Thank you again for the work that you do on behalf of the Thunder Bay Health Coalition. Thank you for your presentation today.

The Chair (Mr. Pat Hoy): Thank you.

NISHNAWBE ASKI NATION

The Chair (Mr. Pat Hoy): I call on Nishnawbe Aski Nation to come forward, please. Good morning. You have up to 10 minutes for your presentation. There could be five minutes of questioning, and in this case it will come from the official opposition. If you'd just state your name for our recording, then you can begin.

Grand Chief Stan Beardy: Good morning. My name is Stan Beardy, Grand Chief, Nishnawbe Aski Nation. I represent NAN territory: two thirds of Ontario, 55 million hectares, 210,000 square miles, and roughly 45,000 people that live both on- and off-reserve.

I'm indeed very pleased to have this opportunity to speak to you today, as it is important to recognize that although First Nations are a federal government responsibility and we made treaty with the crown, Nishnawbe

Aski communities live in Ontario and we are part of Ontario.

We have always maintained our position that when we made treaty, we never gave up the title to the land, nor did we give up the right to govern ourselves. We never gave up the right to be self-determining or to be self-sufficient.

Of the 49 NAN communities in the north, north of the 50th parallel, over half are remote—that is, fly-in only; there is no road access—and all of which live in poverty and are forced to deal with the day-to-day struggles which directly affect and impact the safety and well-being of the members of those communities.

To continue to provide a high quality of life and stimulate the economy for both Ontario and Canada, there are three elements of infrastructure that must be addressed: transportation within my territory, energy and communications.

There must be an adequate transportation system in place, meaning all-weather roads. An investment in this would help alleviate the high cost of transporting essential goods to our communities. Currently, we are forced to pay expensive prices through air transportation and only get to use the winter road system for three weeks to bring in our bulk goods and our fuel supplies.

Secondly, having a reliable source of energy is essential to ensure the long-term sustainability of the north. This can be accomplished through grid line systems and site development.

Third, there must be continued investment in telecommunications, which we are currently doing through our northwest Ontario broadband expansion initiative. Telecommunications is vital to ensure that our youth have access to everything that the World Wide Web has to offer and are able to access online services such as telehealth, tele-education and e-commerce.

We would like to see commitments for proper housing within our communities and also steps to address our water issues, as some communities are faced with contaminated water. There must be infrastructure programs established on-reserve to begin to address some of these issues, which will inevitably improve the quality of life among Nishnawbe Aski people.

Policing is another major issue that needs to be addressed. Not only are there not enough officers to meet the needs of my people, but the accommodations they are forced to live in and the detachments they are forced to work out of are unacceptable. Many of the detachments in the north are falling apart. Because policing is both the federal and provincial governments' concern and responsibility, the government of Ontario must live up to its end of the bargain and take steps to improve policing in the north.

We are a territory rich in many ways. We practise our culture and our traditions and maintain our traditional languages of Cree, Oji-Cree and Ojibway. Our territory is also rich in natural resources: the trees, minerals and wildlife which we work to protect and, at the same time, hope to benefit from what they have to provide.

As you know, there are many opportunities that lie ahead regarding economic development in the Far North. Specifically, I'm referring to the Ring of Fire, which falls in the traditional territory of Matawa First Nations, one of the tribal councils with the Nishnawbe Aski Nation. There is tremendous potential for everyone, including First Nations, industry and government, to benefit from any economic spinoffs that may be derived from mineral exploration in the Ring of Fire. This includes having access to training dollars in order to develop the skills of our members so that they have the opportunity to compete for and participate in jobs within our territory. It's an opportunity that should be available to our young people so that they are not forced to leave their homes and communities to find work.

It's important for Ontario to include First Nations in every aspect of activity on their traditional lands and to work with First Nations on agreements that would ensure resource revenue-sharing benefits for those communities once mining is up and running.

It is also important for there to be environmental accountability, to ensure that once it's all said and done, our traditional lands will not be left in ruins. We want to continue to maintain pristine forests, as we have for thousands of years, and we need to ensure that others do the same. We will, after all, still be living there after the mining ends, forced to clean up the environmental damage that may have occurred.

We believe in land use planning, meaning that First Nations have the final say on how and when our traditional activity will be developed. We ought to ensure there is funding in place in order for our communities to be able to complete their land use plans, as no one knows how the land should be best used other than the people living on it.

In summary, Nishnawbe Aski Nation is looking for proper infrastructure in the areas of water and sewer, housing, roads, energy, communications and policing. We're also looking for a commitment by the Ontario government for full inclusion of First Nations in all developments in our traditional territory and the ability to access training dollars to ensure that our young people are competing on the same playing field as others in Ontario when it comes to jobs within their home communities.

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As you begin your deliberations on how next year's provincial budget will be broken down, it's important to keep First Nations at the forefront of your discussions. We are the fastest-growing population, yet continue to be left out of decision-making at the Ontario level.

Thank you for your time.

The Chair (Mr. Pat Hoy): Thank you, and the questioning will go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you, Grand Chief Beardy, for your presentation this morning. You were kind enough, a number of years back, to take myself and our past leader on a tour of a couple of your communities, Fort Severn and Webequie, and it was very much appre-

ciated. I know how much you are concerned about economic development for the communities in your area.

In your presentation you talked about some key infrastructure, one of the points being roads. Have you looked at what you would do first if you were going to start constructing roads? Have you got a plan for what makes sense to bring about economic development?

Grand Chief Stan Beardy: Yes. What we look at, as I mentioned in my opening comments and preamble, is that we never gave up the right to self-determination, self-sufficiency and governance. What we would do is, we hope to work with both levels of government to make sure there's orderly development, that there's some control of what happens in terms of traffic on those roads.

I think what we're looking at is that in our discussions with the industry, we know where the hot spots are and we want to be part of that development, to make sure that my people benefit. We understand that when we talk about transportation, it's not so much for our people to access the south, it's more to extract natural resources, and we want to be part of those discussions and that decision-making.

Mr. Norm Miller: You also mentioned, as one of the three, infrastructure—transportation was first, energy was second. Do you have some specific comments on energy? Obviously, for the development of the Ring of Fire and whether the processing happens in Ontario, energy cost is a factor. Do you have other thoughts about that?

Grand Chief Stan Beardy: Yes. We understand that to have viable economic activity within the Far North, there has to be a source of reliable energy. We have been at the table amongst ourselves for the last 10 years, along with industry, private sector and government, to talk about the energy needs in the Far North to continue to stimulate the economy. I think we're at a stage now where we're ready to implement those plans which we have been developing for the last 10 years.

Mr. Norm Miller: Okay. I know I have other questions, but Mr. Ouellette would like to ask some questions.

Mr. Jerry J. Ouellette: Thank you very much for your presentation. A question about the roads and the hot spots: I imagine it should be fairly close—if it's not, Pickle Lake should be open fairly soon, the winter road, to access a lot of the communities.

When you mention that, and you mentioned in your presentation about policing, are you concerned—because I know when I talk to truck drivers who do a lot of the driving on the winter roads, there are a lot of concerns about how some of the goods get from one community and how sometimes they don't make it through one community, depending on what they're delivering. Are you concerned that that may cause problems later on, or is it that right now it's the shortest route? Do you look at different routes, as opposed to the current ice roads, to access the communities and alleviate a lot of those hot spots that you mentioned?

Grand Chief Stan Beardy: It's not so much those concerns as what happens in terms of the well-being and safety of my people at this point in time.

I guess my greatest concern here is that we have what we call NAPS police services. Our officers go to the same police college, the OPP police college in Orillia. They go through the same training. They have to pass the same standards and exams. But when they go in the field, if they happen to work for NAPS, the standards that they have to work under are substandard. There is inadequate resourcing to ensure that there are minimum standards that are acceptable in running a police service.

But in the short term, yes, we're looking at where the roads are, just to make sure we deal with the flow of traffic into our communities. But in the long term, when you're talking about all-weather roads, we have to make sure that the negative elements that come with that development are dealt with before they happen—preventive measures.

Mr. Jerry J. Ouellette: You mentioned federal responsibility. Do you have examples of partnerships where the provinces have been able to work together in different areas that we can look forward to?

Grand Chief Stan Beardy: Yes. I guess when I talk about infrastructure—although under the Constitution we are primarily a federal responsibility, we still live in the province of Ontario. One of the infrastructure programs that was in place in the early 1980s was a program under MNDM called retrofit to help bring clean running water to our homes. That's what I'm requesting, that the government begin to look at a similar concept where there is a provincial infrastructure program on reserves to address the quality of life for our people, mainly in the area of water and sewer.

Mr. Jerry J. Ouellette: Meegwetch.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CANADIAN PARAPLEGIC ASSOCIATION ONTARIO, THUNDER BAY REGION

The Chair (Mr. Pat Hoy): I now call on the Canadian Paraplegic Association Ontario, Thunder Bay Region.

For the committee, someone was asking when check-out time was. I'm advised that it was 11 o'clock, but the hotel will hold it till noon for checkout.

With that public service announcement for our committee, we move to you, sir. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. If you'd just state your name before you begin for our recording.

Mr. Darren Lillington: My name is Darren Lillington. I'm the regional services coordinator for the Canadian Paraplegic Association Ontario, Thunder Bay Region.

First of all, let me thank you for this opportunity to speak to you about this important initiative and how it will impact the clients who are served by our organization. I know have 10 minutes, but I'll try to move through this much quicker than that.

I'm here to present you today with a solution that would reduce the Ontario deficit and create a higher quality of service for individuals who require assistance with breathing. Many people in Ontario with spinal cord injuries and neuromuscular diseases need to use ventilators in order to breathe. A recent provincial survey showed that many of these Ontarians are presently residing in hospitals rather than in the community because adequate community supports are not presently in place. With the proper supports in place and following a best practice model developed in BC, these Ontarians can live successfully within the community, which would result in a much higher quality of life for them and reduce costs for the government.

Presently, because of a lack of adequate community supports, people who are medically stable but need a ventilator occupy intensive-care-unit and alternative-level-of-care beds unnecessarily, they don't get the rehabilitation they require when they require it, and they remain in hospital, sometimes for years, awaiting discharge to the community. Those people who are discharged to the community are at constant risk of readmission to hospital because the supports that they need are not currently in place. Based on a report for the Ministry of Health and Long-Term Care, with these community supports in place, it could save the Ontario government a minimum of \$5 million per year.

Just to bring some reality to this so that you can more fully understand this issue, I'd like to speak about one of our clients. Sarah, when she became 24/7 ventilator-dependent due to a rare muscular disorder, faced permanent institutionalization because she could not meet the discharge requirement of finding and training five attendants to be with her around the clock. With the help of her friends and family to provide the necessary care, she was able to return home. In order to relieve them of some of this responsibility, in 2005, she applied to the direct funding program in order to pay for her attendants. However, due to Ontario's wait-list of over 400 individuals, this has not yet materialized.

1050

Sarah noted that her husband and children are burdened with having to care for her when they return from work and school. Her attendant care hours through her local CCAC, or community care access centre, total only six hours a day. Due to this, she says that she lives in fear, especially in times of being alone, because the slightest thing gone wrong with her ventilator could risk her life. In addition, Sarah and her family cannot travel as she does not have attendants in place to take with her.

Sarah's appeal to our health care system would be to give special attention to patients with respiratory supports in order that they may live independently and enjoy their families.

Just to give you a cost comparison of providing care for ventilator-dependent individuals, one day in an intensive care unit bed costs approximately \$3,000 per day. One day in a rehab bed costs approximately \$2,200 a day. One day in a long-term-care or alternate-level-of-

care bed costs approximately \$1,200 a day. Currently, most individuals who require ventilator supports are occupying one of these beds. However, with the proper community supports put in place, it would cost only \$225 per day for these people to be able to live in the community.

In addition, given the reality up here of living in the north, and sometimes in remote communities, an individual requiring assistance with breathing would have to relocate to larger urban centres to receive the care that they require. This means leaving friends and family behind, who are often the backbone of support and also supplement provincial assistance programs. Furthermore, having to leave these important natural support networks can be very difficult and result in further physical and mental health issues, which translate to additional reliance on government-funded programs. For First Nations individuals who may be leaving their remote northern community for the first time, it may result in culture shock, and could be a very difficult adjustment.

What we are requesting is the resources to work with experts in Ontario to develop and implement a province-wide, community-based respiratory outreach program that is evidence-based and provides a higher quality of life for people who require assistance with breathing at significantly lower costs. According to Ministry of Health statistics, we can save the government a minimum of \$5 million a year by developing this service and providing the ability for these Ontarians to live at home and in the community of their choice.

The Chair (Mr. Pat Hoy): Thank you for the presentation. We'll now move to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Thank you very much for coming in this morning, and thank you for giving us that information.

We've heard similar presentations from groups allied to yours in other cities. You're the first person to talk about the daily cost of \$225. Can you break that down for me?

Mr. Darren Lillington: Essentially, the majority of that cost will go to the attendants who could come into the home. Or sometimes, it's in what we call a supportive housing unit, so you'd have a barrier-free apartment, and then also 24-hour support care staff available. Essentially, the majority of that cost is just having the attendants in place. Then some of it would also be associated with the training that would be necessary to make sure that they can provide that care. In BC, what they have is a 24-hour on-call respirologist, and also a respiratory therapist, who can work with these clients to make sure that they can live independently in the community.

Mr. Peter Tabuns: So British Columbia already has a system in place that's comparable to what you want to see in Ontario.

Mr. Darren Lillington: Yes.

Mr. Peter Tabuns: How long have they had it in place?

Mr. Darren Lillington: That's a good question. I'm not sure exactly. Sorry.

Mr. Peter Tabuns: That's all right. Don't worry.

Have they seen the cost savings in British Columbia that you've noted here in your presentation?

Mr. Darren Lillington: As far as I know, they have. I haven't been working as closely with the core group of experts that's been looking at this, but I imagine yes, the cost savings could be actualized quite quickly by allowing—all the studies that I've looked at certainly say that living in the community is much less expensive than living in either the acute care or long-term-care beds.

Mr. Peter Tabuns: You're asking, obviously, for Ontario to look at this approach overall, but you also talked about set-up money to do the studies and move this forward?

Mr. Darren Lillington: We've already done a lot of the groundwork. This team of experts has been looking at this for probably the last three or four years, so we've done a lot of the initial studies and necessary work to be able to implement it. Essentially, now it's just a matter of starting to put the things in place that we would need to make it happen.

Mr. Peter Tabuns: Do you have a sense of the cost that we would be looking at in Ontario to actually get things moving in that direction?

Mr. Darren Lillington: No, I don't have the expertise to actually tell you that, but certainly we could get you that information, a cost breakdown.

Mr. Peter Tabuns: If you could get that and provide it to the clerk so it could be circulated to the committee, we would appreciate that.

Mr. Darren Lillington: Absolutely.

Mr. Peter Tabuns: I don't have further questions, but I do want to thank you.

Mr. Darren Lillington: Okay, thank you.

The Chair (Mr. Pat Hoy): And thank you for your submission.

CONFEDERATION COLLEGE

The Chair (Mr. Pat Hoy): Now I call on Confederation College to come forward, please. Good morning. You have up to 10 minutes for your presentation. The questioning will come from the government in this case. We'd just ask you to state your name for our recording Hansard. I've been accustomed to giving people a one-minute warning. I noticed you took your watch off. Maybe you're giving me a warning, are you?

Mr. Bob Backstrom: I've got a little bit of experience. I know I've got to watch it this time.

The Chair (Mr. Pat Hoy): Go ahead.

Mr. Bob Backstrom: Thank you. My name is Bob Backstrom, and I'm the vice-president of student and corporate services of Confederation College in Thunder Bay. Good morning, Chair, Mr. Pat Hoy, and members of the committee. Thank you for the opportunity to appear before you today for the 2011 pre-budget consultations.

Confederation College has eight satellite campuses in Kenora, Sioux Lookout, Dryden, Red Lake and Fort Frances to the west; and Geraldton, Wawa and Marathon

to the east. We also deliver academic programming to approximately 40 small northern, rural and remote aboriginal reserves, making our area served the same size as Texas or France: approximately 550,000 square kilometres. Confederation College's operating and capital budgets this year total approximately \$100 million, with a regional annual economic impact—done by a consultant—of \$800 million.

My main message to you today is that it is critical that the government remain focused on investing in education and the skills of people as a solution to many of the challenges we are facing. Investment in colleges is an excellent return on investment.

A college education is the best route out of poverty, and more under-represented groups turn to college to earn their post-secondary credential. Out of 3,187 total students, Confederation College had 446 students with disabilities, 950 first-generation students and 602 self-identified aboriginal students—and I say self-identified because in reality, it will be higher; many do not identify.

Our student services have expanded supports to ensure that our under-represented learners are successful. Our special needs and student success departments, as well as our Negahneewin College of Academic and Community Development, a college located in and throughout Confederation College, support our under-represented groups. Negahneewin College, which is a unique concept, has a board of directors of their own, representative of aboriginal communities.

Projects such as our summer transition program for prospective students with special needs, multi-year first-generation research projects funded by the Ministry of Training, Colleges and Universities, and our downtown Learning Café, which is a drop-in centre for mainly aboriginal students, have enabled us to deliver additional support and access for under-represented groups. We've actually seen people who have come into the Learning Café moving forward with a college education.

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In addition, collaborative partnerships such as the Whitefeather Forest aboriginal skills employment partnerships, the Sioux Lookout area management board agreement, and the Two Feathers training initiative have enabled us to deliver upgrading and training to aboriginal communities throughout our region. I'd mention at this time the Ring of Fire and the chromite deposits up there, and we're already having initial discussions with First Nations and companies involved as to how we can develop the workers that will make that possible and help the local communities benefit.

By 2020, 70% of jobs will require a post-secondary education. We also know that an estimated 40% of high school students do not go on to post-secondary education. It is estimated that 82% of aboriginal students do not go on to post-secondary education in Ontario. The aboriginal leaders recognize the importance of education to their children's future. They need the support of the province and the college to overcome barriers to learning.

If you've read the report from Dr. Rick Miner titled *People Without Jobs; Jobs Without People*, there's going to be a real mismatch between the people out there and the jobs, which will result in jobs going begging for someone to fill them while we have unskilled workers who just do not have the capabilities.

Ontario's colleges recognize the fiscal challenges the government faces and we are doing our part to achieve savings. Each year, Confederation has reduced costs with such strategies as eliminating positions, establishing out-of-college partnerships in non-core work such as cafeteria, bookstore and cleaning, and participating in buying consortiums such as the Lakehead Purchasing Consortium, Ontario Education Collaborative Marketplace, and Ontario Buys.

Despite innovative partnerships, operational efficiency improvements and cost-cutting measures, each year Confederation College's operating grants do not adequately fund our year-over-year increases to our full-time staff costs as mandated by our collective agreements and the recent enrolment growth of 22% over the past three years.

The ministry has recently announced that they will be discontinuing the recurring \$12.9-million Ontario skills development flat rate or non-apprenticeship EI funding. For the upcoming 2011-12 fiscal year, this will result in a loss of operating grant of \$894,600 for Confederation College, which will have to be found elsewhere, over and above the ongoing cost pressures. Some 40% of that grant goes to northern communities or northern colleges.

Investing in capital and equipment: College infrastructure needs to be reliable, safe, efficient and in compliance with Ontario's building codes. Colleges are facing a significant deferred maintenance backlog. The estimated deferred maintenance backlog in the colleges is in the \$550-million to \$750-million range. The current level of annual provincial funding to the colleges is only \$8.7 million. Confederation College has an estimated \$18.4 million in deferred maintenance backlog. That is expected to grow to \$19.9 million within the next two years.

Just as an indication, we get around \$240,000 a year for maintenance, facility renewal, and we have a bridge on the property that is going to cost us \$600,000 to repair. It's rather hard to repair a bridge with \$200,000, which they really don't let you accumulate. We've also just found out that some of our pumps for the heating system, worth \$400,000, have reached the end of their life. So these sorts of items, when they do crop up, just exceed the amount, and what you have to do is dip into operational funds, which hurts the academic side. It's a no-win scenario for us.

A recent report of the Auditor General identified the deferred maintenance and recommended that the ministry work with colleges to tackle the deferred maintenance backlog. Colleges in Ontario are requesting \$100 million for infrastructure renewal.

Credit transfer: Colleges believe that the recent credit transfer announcement is a good first step in ensuring

that students can move from one institution to another, saving time and money for the system. Colleges have been advocating for a robust credit transfer system for several years, and we look forward to this system becoming operational as quickly as possible with MTCU support and backing. There must be strong pressure to change in order to overcome the status quo.

We're very fortunate locally: We've had meetings with our university counterparts at a senior academic level, and they've talked about the need to move forward on this. The president of the local university and the president of our college have gone down to meet with the deputy minister and talk about what we can do to move this forward in northern Ontario. We're being positive, but there's still so much more. The day-to-day challenges of getting students to move forward on articulation agreements between the two organizations comes down to almost an instructor-by-instructor level, and that's difficult. We need something overriding, something general.

Thank you very much for your attention and the opportunity to present.

The Chair (Mr. Pat Hoy): Thank you. We'll go to the government and Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Bob, for your presentation, and thank you for being here today. We've heard from colleges and from student alliances throughout the province so far; however, you bring a very unique perspective today that's interesting and fascinating and, of course, something that we need to hear.

I'm going to work from the back forward, if that's okay.

Mr. Bob Backstrom: Sure.

Ms. Leeanna Pendergast: That's how I read a book, too. I always taught my students in high school as an English teacher to go to the end, start with the bottom line and then move backwards.

The credit transfer recognition, yes, the government is looking at that and has made an announcement. Do you see yourself playing a role in that or a part in the discussions? Where are you at now as a college on that?

Mr. Bob Backstrom: We're hopeful that, because of the fact that we went down and talked about this before the announcement, some of the money they've announced will help. We wanted to do something in northern Ontario to help the colleges and the universities get together and develop a common approach across northern Ontario. We have actually asked for money to make that happen, and we're hopeful that this money is part of that answer.

Ms. Leeanna Pendergast: Specifically for northern Ontario?

Mr. Bob Backstrom: We're hoping there's something in there that's earmarked because we were front and centre. Apparently the Toronto area has approached with a similar request.

Ms. Leeanna Pendergast: Okay. We've heard the reference to Dr. Miner's report, *Jobs Without People*. I'm from the southwest, in Kitchener-Waterloo. In Waterloo, we have a lot of jobs without people, so it is a concern.

I'm moving to the front of the report now, to the operating funding. I think you articulated quite nicely your fiscal challenges; for example, a bridge and pipes. You have unique challenges with eight campuses and 40 communities and reserves—is that right?

Mr. Bob Backstrom: Yes. If you think about it, most colleges, especially in southern Ontario, have their large main campus, or they have large centres of population. Our forte is to get out there and serve the small communities, and some of that we actually do through distance education. We can't put infrastructure in every site, but what we can do is have one instructor in Sioux Lookout speaking through videoconferencing to 25 students across the north, and it works.

Ms. Leeanna Pendergast: It's almost the opposite of what we do in my riding at Conestoga College, where we just focus on that one campus and building that campus.

I'm back to the beginning, where we began at your unique perspective: the under-represented groups that you talk about at the beginning. Can you tell us more about that? We've heard specifically from colleges and student alliances the request not only for upfront access grants but for support for staff and teachers. I'm looking through your under-represented groups; when you talk about the demographic of your students, then that would segue into the demographic that you would need for the training for support for staff, as well. Can you talk more about that in terms of the under-represented groups, please?

Mr. Bob Backstrom: We are in an area where I think you're almost—we had the baby boom in the rest of Ontario, but the aboriginal community had their baby boom later. A high percentage of their population is under 25, and they're looking—you know, when we had the baby boom, we built colleges and universities across Ontario. Now they're coming in a little late, and they're having to live within the existing structure. For some place like Thunder Bay, where they make up a high proportion—over 20% that were identified; I'd say 30% more likely—they're coming in, and they're wanting to change.

Their elders see this as their opportunity to move their children forward and get out of that circle they're in right now. So they are really pushing it, and they want their children to come to school. They're no different than anybody else in that regard. Everybody wants their kids to do the best they can. They feel it's almost a social requirement to make a difference, so they're doing that; they're coming in.

The trouble with that is, when you get a student out of a typical high school in southern Ontario—well, one of our high schools, let's say—they're coming in with a certain background knowledge, a certain set of skills and time management and everything else. A lot of the aboriginal students don't come in with that, and they have to learn in less-than-optimal circumstances in their high school environment, so they may not come in as well-qualified. It's not that they don't have the skills and the ability; it's just that circumstances conspire against them,

so they're coming in and need more upgrading, more literacy or numeracy support, so we have to help them in that regard. A lot of them are coming from communities in northern Ontario, out of Thunder Bay, and it's a culture shock to come here. We have to work with their elders to help them through that. We have to make sure the support is there in counselling and their traditional culture. All that is happening.

Everything you see with a normal student is multiplied, and the support in student services, with counsellors, upgrading and all the rest and teachers spending more time, is there. Now, it's very rewarding to work with these people, their elders and their own support group, but it is challenging to do it on the budget we have for a typical student.

Ms. Leeanna Pendergast: That's very helpful. Thank you, Bob, for what you do on behalf of Confederation College.

Mr. Bob Backstrom: Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

Our next group has not arrived yet and we're a bit ahead of schedule on the clock, so we'll recess until they come or lunch, whichever should come first.

The committee recessed from 1111 to 1122.

CANADIAN DIABETES ASSOCIATION

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will come to order once again. I call on the Canadian Diabetes Association to come forward.

Ms. Suzanne Sterling: Which one of these is the hot seat?

The Chair (Mr. Pat Hoy): Anywhere at all. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. The questioning this time will come from the official opposition. I just ask you to state your name for our recording Hansard, and you can begin.

Ms. Suzanne Sterling: My name is Suzanne Sterling, and I'm the regional director for northwestern Ontario for the Canadian Diabetes Association. Good morning, and thank you for the opportunity to speak to you today.

Last September, the Canadian Diabetes Association released the Ontario diabetes cost model. That outlined the current and projected prevalence rates for diabetes and the financial costs of diabetes in Ontario. The findings of this model are shocking. There are approximately 1.2 million people in Ontario who have been diagnosed with diabetes. By 2020, we expect two million Ontarians to be diagnosed with the disease. This represents nearly 12% of the population and is a 63% increase from where we are right now.

A further 2.4 million Ontarians live with pre-diabetes. That's a condition where your blood glucose level is a little bit higher than normal, but not quite high enough to be diagnosed with diabetes. It's estimated that 50% of those folks will go on to develop type 2 diabetes. By

2020, we estimate that nearly 27% of the population of Ontario will be living with diabetes or pre-diabetes.

A recent report by the Centers for Disease Control estimated that one in three people in the US will be living with diabetes by 2050. Those numbers, we expect, are similar for Canada.

The numbers are staggering. The economic impact of diabetes on the Ontario health system and our economy is equally as staggering. Today, the cost of diabetes in Ontario is \$4.9 billion. If no progress is made to curb these costs, the total will rise to \$7 billion by 2020, and if, as projected by the Centers for Disease Control in the US, Canada were to have one in three living with diabetes by the year 2050, the cost associated with diabetes in Canada would be \$54 billion annually.

It's especially important to know that the pre-diabetes numbers are not mixed in with those. Those are strictly diabetes. One of our health care professionals in Thunder Bay describes pre-diabetes as having one foot in the door of diabetes and still being able to pull it back, so that's why it's so important to deal with the folks with pre-diabetes as well: There's an opportunity to stop that.

It is clear that we have a diabetes epidemic in Ontario, and it's getting worse. This epidemic poses not only a significant threat to millions of Canadians, but also threatens the sustainability of the health care system and our future economic prosperity. Our recommendations today are not just aimed at improving the health of Ontarians, but also the Ontario economy.

The Ontario Diabetes Cost Model shows that 80% of the diabetes-related costs are due to treating the complications associated with diabetes and not the treatment of diabetes itself. These serious and life-threatening complications include adult blindness, kidney failure, heart attack, stroke and limb amputation. Diabetes complications take a serious toll and impose a tremendous burden on those living with diabetes, their families and the health care system.

Canada has the third-highest mortality rate due to diabetes among its peer countries: 6,000 Canadians die each month from diabetes or diabetes-related complications. To give you a little bit of perspective, that's equivalent to the entire population of Sault Ste. Marie, Ontario, dying each year. If we are to address the economic impact and the burden of diabetes, we need to focus on keeping those living with diabetes healthy so that they can at least delay or prevent the onset of complications.

The brief that you've got, our brief to the committee, contains three recommendations. First, we need to refocus the Ontario diabetes strategy, with an emphasis on secondary prevention of diabetes complications. Second, we need to eliminate the gap in access to medications and supplies needed by people living with diabetes to self-manage their disease. Third, we need increased financial assistance and support for people living with diabetes so that they can afford to comply with the prescribed treatment therapies. Our brief to the committee expands on these recommendations. For the remainder of today's

presentation, I'll focus my remarks on the last recommendation: increase the financial support for people living with diabetes.

The greatest challenge for people living with diabetes is the affordability of medications and devices that they need to effectively self-manage their disease. Nearly 60% of Ontarians with diabetes have indicated that they simply cannot afford to manage their diabetes. People with diabetes face three-times-higher out-of-pocket health care costs than the average Canadian. The average out-of-pocket cost for somebody living with diabetes is about \$2,400, so it's another \$200 a month over and above what they need just to live.

While we commend the government for including people living with diabetes under the newly revised special diet allowance program, it does not include the folks with pre-diabetes. That's important because we know pre-diabetes can be caught if they can manage their health. Some 50% of the people with pre-diabetes generally go on to develop type 2. We encourage the government to expand the criteria for this program and to extend the special diet allowance program to people living with pre-diabetes.

While Ontario has provided some newer medications in recent years, significant gaps remain. Ontario needs to close the gaps to ensure that all Ontarians living with diabetes have fair and equitable access to the medications, devices and supplies that they need to live effectively with diabetes. A program needs to be established to help people with diabetes who do not have access to the Ontario drug benefit program or third party health care coverage. At present, these individuals pay thousands of dollars out-of-pocket for prescription medications and supplies that they need simply to live. Coverage of the insulin pumps and supplies program needs to be expanded to include individuals living with type 2 diabetes who are on insulin. The program also needs to include coverage for continuous glucose monitors. That's something that also goes in under the skin and will basically work in conjunction with an insulin pump to make sure that the blood glucose levels are kept in even closer check.

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Given our limited resources, we need to target our diabetes programs and services to get the best return on our investment. For diabetes, the focus needs to be on helping those living with diabetes prevent or delay the complications associated with the disease. That is where our best return in terms of costs to the health care system, the overall economy and, most importantly, the health of Ontarians will be.

Thank you.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition and Mr. Hillier.

Mr. Randy Hillier: Thank you for coming here today.

Going through your presentation and listening to what you had to say—it's all geared toward people who have diabetes or who have been diagnosed with diabetes. We

all know that if we talk to any family physician in the province, they are all telling us the same thing: that diabetes is the looming health care catastrophe that's in front of us. But we also know that diabetes is often preventable. If one engages in a healthy, physically active lifestyle, the probability of having diabetes is greatly diminished.

I'm just wondering; I didn't see anything in your recommendations about how we can prevent diabetes from coming along. Do you see any impediments that the government has put in place or any impediments in society that you believe should be removed to help people engage in a healthy, physically active lifestyle?

Ms. Suzanne Sterling: If you take a look at the brief on page 3, under recommendation number 1, our recommendation there is a broad-based healthy weights strategy and the population at risk for diabetes strategy. Those are two areas of focus for primary prevention.

Right now, what's costing the health care economy the most are the secondary complications. Say if we provide an insulin pump so somebody can keep their blood glucose levels in check, it's roughly a \$6,000 to \$7,000 outlay of cash immediately, but it's a lot cheaper than a \$75,000 amputation.

Mr. Randy Hillier: Absolutely. I'm looking back as a father and as somebody who has had four children go through our public education system. I see a fear in the diminishing of physical activities in our schools. Of course, we all know the broader, overarching problems of a stationary lifestyle, but I don't see our schools doing much to encourage that physical activity—actually doing much to reduce physical activity.

What I was looking at were specific items. You were talking about a broad-based strategy, but there are no specific targets on how to achieve that. Do you have any recommendations on how we're actually going to encourage people and incent people to be more physically active? Prevention is the key to this. Everything else is a band-aid afterwards.

Ms. Suzanne Sterling: In some cases, yes. Our biggest focus is on secondary prevention of complications. At a local level, we do things like being part of the Healthy Ontario group—because there are a number of different organizations all working on prevention.

As an association, our primary focus and our primary responsibility is for those dealing with diabetes. We certainly work in partnership, but as far as working under the Ontario diabetes strategy and what's best for people with diabetes in Ontario, it's focusing on the secondary prevention, because that's where we see the biggest return on investment right now.

Mr. Randy Hillier: Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

We are now recessed until 1 o'clock.

The committee recessed from 1135 to 1301.

CANADIAN HEARING SOCIETY, THUNDER BAY REGION

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. Our first presentation of the afternoon is the Canadian Hearing Society, Thunder Bay region. If you could come forward, please.

Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I just ask you to state your names for the purposes of our recording Hansard.

Ms. Nancy Frost: Good afternoon. My name is Nancy Frost. I am the regional director of the Thunder Bay region of the Canadian Hearing Society, a non-profit agency that delivers services to two very distinct and separate groups, that being the culturally deaf, of whom I did have a representative who was going to attend but unfortunately is sick today. But I am fortunate to have with me Sharon Bjorklund, who represents our consumers who have various degrees of hearing loss, and for her access is reading a verbatim captioning of the spoken word, so you will see that I'm going to be looking to make sure that the captioning is keeping up with what is being said.

We are pleased to be here to advise the committee of the realities experienced by our consumer groups and to recommend strategic investments that will realize cost savings to the government, maximize value for taxpayer dollars and create a province that is fully accessible to our consumer groups and in which all citizens have equal opportunity, an ideal, although supported by laws, that is unfortunately not a reality to many.

Too often our consumers experience inappropriate assessments, misdiagnoses, improper institutionalizations, marginalization, victimization, unemployment, underemployment, denial of opportunities and refused access and accommodations, all of which result in costly errors and great cost to individuals, government and society as a whole.

The stories of our consumers and their situations are abundant and heartbreaking. For example:

—children developing severe or no language and learning delays and behavioural problems due to a lack of appropriate and accessible language, educational and mental health counselling services;

—adults with hearing loss losing their jobs, being unable to find other unemployment, becoming depressed and anxious and increasingly isolated from friends and families and having thoughts of suicide, with no help available as their communication access needs are deemed to be too costly and time- and labour-intensive;

—culturally deaf individuals being misdiagnosed, denied opportunities and equitable participation due to a lack of understanding of service providers as to their legal obligation, or their unwillingness to provide signed spoken-language interpretation services, or, in the case of those who are willing, not being able to do so due to the limited supply of qualified interpreters.

As a specialized service able to meet the linguistic, cultural and communication needs of our consumer groups, the Canadian Hearing Society is an excellent service option for our consumers and an excellent model as to what accessible service provision should look like. Our services do make a difference to our consumers, both directly and indirectly. Lives are changed and sometimes saved through the work we do.

What is required to continue and enhance our work and support the realization of a fully inclusive and accessible society is further investments by the government. In particular, and specific to our service delivery, as explained in greater detail in our corporate submission which you have, we ask for:

—\$4.3 million to expand our mental health program to ensure appropriate assessments and diagnoses and prevent improper institutionalizations in prisons and psychiatric wards;

—\$2 million to expand our staff resources and cover communication access costs, such as interpretation and captioning, specific to our diversion service in the justice system, to facilitate proper identification and prevent wrongful confinement and conviction;

—\$2.6 million in additional employment services funding to enhance existing services and to add said service to regions such as ours where there are services not currently offered but yet they have high demand.

As an aside, in all of northwestern Ontario we have one full-time mental health counsellor and we have no employment counsellors.

The cost-benefit of these investments is huge. By providing culturally affirmative and linguistically accessible services such as our mental health counselling and employment services, the lives of 23% of the population that experience some degree of hearing loss, along with culturally deaf citizens, will be immeasurably improved. Institutionalization and incarceration, at great cost to the government and human life, will be avoided. Citizens will be fully aware and capable of managing their health care, and in their own home. Citizens will have equal opportunity to develop language and obtain an education and employment, all of which enhances one's independence and contribution to the economy, thereby reducing the cost to the province.

Although currently the only open door for our consumers, we cannot, nor should we, do it alone. Our consumers deserve full accessibility; our consumers deserve options. We all can help in this regard. We, the Canadian Hearing Society, in partnership with our consumer groups, have the expertise to educate service providers as to how they can welcome, identify, provide and meet their varied accessibility accommodations.

The government can play a valuable role with providing dedicated accessibility funding to service providers, funding to support the development of more professional services such as sign language, spoken-language interpreters and real-time captionists, along with an expectation that service providers, actively and in

partnership with consumers, plan and provide for full accessibility of their services and facilities.

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Lastly, service providers can help by being open to, welcoming, respectful of and willing to identify and provide accessibility accommodations.

Too often our consumers are painted as the problem client or the problem patient. We must change this attitude. We must provide them with the same opportunities and treatment as all citizens deserve and as guaranteed under current legislation.

With government attention and funding, we can realize full accessibility for all Ontarians—a commitment unanimously supported by all parties—and, in the long run, realize cost savings to the government and maximize value for taxpayer dollars.

On behalf of the Canadian Hearing Society and our consumer groups, I thank you for this opportunity and now invite you to ask questions of myself and Sharon.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Good afternoon. Thank you very much for coming in. I hope that my words are translated on the captioning there as well.

First off, you're suggesting concrete investments to make lives better for people. Is there an estimate of the costs to society now of the failure to provide those necessary services, in direct expenses and lost earning potential?

Ms. Nancy Frost: It's an excellent question. I unfortunately don't have specific dollar amounts, but if you consider every person improperly placed in psychiatric wards or in prisons, who is on social assistance, who is denied access to education or employment, it's absolutely huge.

Mr. Peter Tabuns: You said that approximately 23% of the population has some kind of hearing deficit. What percentage of the population has no hearing whatsoever?

Ms. Nancy Frost: I don't have those numbers, and when you ask no hearing, again, our consumers are very diverse. By no hearing, that can mean someone who's culturally deaf, who is not a hearing person who can't hear; they are a member of a cultural-linguistic minority group whose language is a signed language. Then there are individuals who really have profound hearing loss who are hearing people, such as Sharon.

Mr. Peter Tabuns: I understand that distinction, but of those who have I'll just say severe hearing loss, what percentage of those people are unemployed or on social assistance?

Ms. Nancy Frost: If you look at the corporate, there are statistics in there, and they offer that 10% have significant hearing loss.

Mr. Peter Tabuns: Okay, 10% of the population as a whole.

Ms. Nancy Frost: Ten per cent of the population.

Mr. Peter Tabuns: Their source of income, then?

Ah, "Only 20.6% of deaf Canadians are fully employed," which would mean that more than half are unemployed and receiving some sort of social assistance.

Ms. Nancy Frost: Correct.

Mr. Peter Tabuns: That's a very large loss of earning potential and a very large number of people who are receiving some sort of social assistance or depending on their families.

Can you tell us how the investment that you're asking be made in your services would affect the level of unemployment and the level of people on social assistance?

Ms. Nancy Frost: As I said, it'll have a huge benefit by providing—just think of yourself. By not having the opportunity for an education, to work, to participate in your health care, it puts you in a volatile, marginalized situation, requiring the assistance of government and social assistance to survive, and being fully isolated from your community, your friends, your family. It's devastating.

Mr. Peter Tabuns: I don't have any further questions, Mr. Chair. Thank you very much for the presentation. I appreciated it a lot.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

CITY OF KENORA

The Chair (Mr. Pat Hoy): Now I call on the city of Kenora to come forward, please. Welcome back. I think you know the process here, so if you'd just state your name again, you can begin.

Mr. David Canfield: Thank you, Mr. Chair. At least I could have changed my shirt or something, I guess, to have a different appearance. But thank you for the opportunity. I am Mayor David Canfield from the city of Kenora, filling in for myself this time.

The first statement here: The city of Kenora is here today, with many other municipalities—and I'm looking around and I'm wondering where they are. I think part of the problem is that if it wasn't for NOMA, we wouldn't even have known about this. When I was in politics before, I made presentations at different times to these committees. With technology today, I think with a simple push of a button on your computer, every municipality in northwestern Ontario could have known. Especially with this being an election year, and given the situation our economy is in, hopefully you'll take that advice back so that everybody will have the opportunity to be here the next time.

We recognize there are many issues facing so many difficult stakeholders across the province, and the economic turmoil that the world has faced over the past few years has deeply affected the world in which we operate today. It is important, however, to recognize that northwestern Ontario was deeply impacted prior to the rest of the province, largely due to the crisis in the forest industry.

We brought with us today some key issues to speak on with the province as part of your pre-budget consultation process, and over the next few minutes I'll briefly identify each issue and provide you with a recommendation for consideration in the provincial budget. We're looking to the province to give serious consideration to each of these key issues and how you can work with the city of Kenora and northwestern Ontario municipalities—and all Ontario municipalities, as far as that goes—to strengthen the provincial-municipal partnership.

First, I'll talk about roads and bridges and the deficit. Municipalities across the province have significant infrastructure deficits, one of the most significant portions of which relates to roads and bridges. The Auditor General's report of 2009 noted that municipalities have responsibility for 80% of Ontario's bridges, and Ontario municipalities own more infrastructure assets than any other order of government in the province. This report goes on to say that Ontario municipalities cannot make up the infrastructure deficit alone and must have long-term sustainable and predictable infrastructure funding programs from the federal and provincial governments. Kenora estimates its road and bridge infrastructure deficit alone is in excess of \$4.5 million annually, and compounding. Kenora has 20 bridges, more than any community in northwestern Ontario, and impossible to maintain for the city of Kenora. In fact, we probably have more bridges than all the communities of northwestern Ontario put together.

The province must either reinstate a funding program towards major roads and bridges in municipalities to help offset the escalating infrastructure deficit, or take responsibility for these back. I would have to say that the bridges, especially for the city of Kenora and all of northwestern Ontario, have to be taken back by the government. It's impossible; it will bankrupt us.

On economic development, Kenora's economy has been deeply affected by the crisis in the forest industry. It's been estimated that the impact to the Kenora economy related to just the Abitibi mill alone, which closed in 2005, is over \$61 million. With a significant downturn in the forest industry sector, the tourist industry has assumed a greater role in Kenora's local economy. Unfortunately, visitors from the US have decreased as a result of the strong Canadian dollar and of course the economic turmoil in the United States.

Tourism alone is not enough to account for the losses associated with the recent crisis in the forest industry. Kenora must continue to diversify its economy by attracting new business development. Municipalities in the north need a commitment for sustainable capital funding programs intended to stimulate economic development in the north.

In the forest industry, the city of Kenora is very supportive of the position and the work done by the Ontario Forest Industries Association. Key messages from the OFA are:

—protection of a minimum 26 million cubic metres in fibre for industrial use;

—commitment for socio-economic assessments prior to passing or changing legislation that could impact the forest sector, particularly with regard to endangered species—and I can't emphasize that strongly enough, ladies and gentlemen;

—maintaining the competitive restoration measures, including road maintenance and construction funding, forest resource inventory funding, wood promotion funding, forest sector prosperity fund, the loan guarantee program and the northern pulp and paper electricity transition program;

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—maintaining relief on stumpage dues for an additional three years while revisiting the rate structure on a permanent basis;

—amending the Ministry of the Environment approval process to fast-track low-risk projects. For the Kenora area forestry industry in particular, it is critical that the province implement a plan that will ensure the timely flow of fibre to the local mills, specifically with regard to harvesting in the Whiskey Jack and the Kenora forests;

—providing the required support to resolve the Grassy Narrows situation to ensure a secure, uninterrupted wood supply based on work done by Justice Iacobucci with Grassy Narrows First Nations. A local company, folks, has waited for eight years for a wood supply in Kenora; waiting eight years, the province of Ontario is not open for business.

The Kenora OMPF funding and the RSCM: Kenora has been unfairly penalized by the application of the rural and small communities measures with regard to the Ontario municipal partnership fund. The RSCM is a formula based on statistical information provided by Stats Canada. Most municipalities in the north are deemed to be too small to be statistically important and are not tracked by Stats Canada. For these municipalities, the RSCM assigned by the province is 100%, entitling them to 100% of various OMPF funding components.

Unfortunately for Kenora, we're just large enough to be deemed interesting by Stats Canada. The end result for 2011 is that our annual funding entitlement under the OMPF program is about \$2.8 million lower than it would be if entitlement were at 100%, a significant loss for a municipality so deeply affected by changes in the forest industry. Kenora has an RSCM currently at 51.4% and is the only municipality in the Kenora district with an RSCM of less than 100%. This makes absolutely no sense. But I will tell you, if the policies stay the same and our population keeps declining the way it has in the last four years, we'll be under the 10,000 pretty soon.

The twinning of Highway 17: On May 15, 2009, Prime Minister Stephen Harper and Premier Dalton McGuinty announced the first stage of twinning Highway 17 commencing at the Manitoba border. Tourism will be a growth area for the future, and the twinning of the highway will make a real difference in providing access to northern Ontario as well as providing additional revenue to the city and to the province. We would like to urge the province to keep this important expansion mov-

ing forward to full completion as quickly as possible. A twinned highway will provide us with a powerful underpinning for our future growth, but it must happen sooner rather than later.

Let me tell you, a twinned highway from Kenora will go from Kenora basically to Banff. Spending the last couple of years in Manitoba and Saskatchewan, there's a lot of money out there. That's our future for our economy as far as tourism goes. The simple fact is the Americans aren't coming the way they did before, and we have to start drawing people in from our own country. That's huge revenue for the province of Ontario and a good way of rebuilding our economy.

The next thing I want to talk about is the drinking water quality management system. The tradition of the municipal drinking water licensing program represents a major change of focus in the management of the municipal drinking water system for most municipalities. The biggest challenge presented by the DWQMS is a requirement for infrastructure maintenance, rehabilitation and renewal. The expectation is that this requirement will be maintained on a user-fee basis, and the end user will bear the cost. Unfortunately, the additional burden may be more than people are willing to accept. It is critical that a committed, ongoing infrastructure funding program for water and sewer operations be established and made available to municipalities to ensure the ongoing successful implementation of these standards.

Land ambulance funding: Costs related to land ambulances were downloaded to municipalities in 1988 as part of the local service realignment. At that time, the province committed to revenue neutrality related to LSR and the community reinvestment fund, funding programs introduced to reconcile these costs and provide offset funding. When the CRF was replaced by the OMPF funding in 2005, land ambulance was removed from the funding calculation. The provincial-municipal fiscal service delivery review did not resolve the issue, and municipalities continue to bear costs related to this program. The land ambulance program delivery should be taken back directly by the province and, at a minimum, appropriate provincial funding must be established to offset the significant and escalating costs for program delivery.

The rent-scale issue: Since 1998 and the transfer of social housing to the property tax roll, taxpayers across the province have been subsidizing Ontario Works and the ODSP with social housing dollars. Under the provincial rules, tenants receiving OW and ODSP pay artificially low social housing rents, so property taxpayers end up subsidizing social assistance dollars with 100% social housing dollars, resulting in the province saving between 80% and 90% of related costs. This is known as the rent-scale issue. For example, in 2010, for a family of three living with a market rent of \$900 per month, an additional \$674 is paid for through the property tax roll if they reside in social housing as opposed to a private residence. The province should immediately raise the OW and ODSP rent scale for all

social housing tenants to the maximum shelter amount for private housing.

In conclusion, we would like to thank you for your time and for coming to the northwest to allow the opportunity to participate in the pre-budget consultations. Northwestern Ontario needs your help. You are in a position to make a real difference to us here in northwestern Ontario. We look forward to your serious consideration of these issues and those that so many others have brought here today. Most importantly, we look towards partnerships in implementing the many recommendations contained within our presentation in the coming provincial budget.

I just want to give you some quick numbers here. I cut out part of my presentation; I think I'm going long in time.

Some of our numbers that we've lost with the closure of three mills in Kenora in and around 2005 and up to now include about 909 direct jobs. When I went over these numbers that were put together by people, these numbers are a little low. Working in the industry, I realize that they are not quite up to speed. They are not exaggerated, let me tell you.

The total employment loss with the indirect and induced job losses is 2,682 jobs, and the annual compensation in the loss of employment is \$122.2 million. For a community of less than 15,000 people now, that's a lot of money. So when we make these presentations, we're very serious. There have to be some serious changes, and we hope that you'll take these seriously and realize that if northwestern Ontario is to continue to exist, it's not going to do it on its own; it is going to need some help. We can reinvent ourselves, and we are doing that in Kenora, but we need help from the government in order to sustain ourselves through this transition period. We don't need the government to make the changes for us, but we need them to set up an environment and policies that are conducive to making change and bringing business into Kenora.

Let me tell you, living 30 miles from the Manitoba border, we're looking at Manitoba businesses to build in Kenora, and in a lot of cases they don't like what they see, but they love Kenora.

The Chair (Mr. Pat Hoy): Thank you. We'll go to Mr. Delaney.

Mr. Bob Delaney: Thank you very much, Mayor Canfield. First of all, it's a superb brief that you have accompanying it, and there's nothing that's unclear about your priorities and the way that you've organized your information.

I'm going to try, in our very brief five minutes, to explore three topics with three what I hope are focused questions, and let's see if we can get through them.

The first one is tourism. Could you tell me what geographic markets, other than the traditional US, Manitoba and Saskatchewan markets, Kenora has considered for a focused marketing campaign to build tourism among new clients who haven't yet experienced northwest Ontario?

Mr. David Canfield: Well, the sky's the limit. We've had tourists from Japan; we've had tourists from probably almost every country around the world.

As far as marketing to these countries, it's financially impossible for a city of our size. We're much better to market to the local area. I mean, Minneapolis, Chicago, Wisconsin—the Midwest has been a huge market, as is Winnipeg. We're basically cottage country for Winnipeggers. I see, and I think all of us see, the changes in western Canada, especially in Manitoba, Saskatchewan and Alberta, the opportunities that are there. The reality is, we're closer to Banff than we are to Toronto, so where are we going to draw our tourists from? We're probably going to draw them all the way from Banff. We're the most beautiful destination between Niagara Falls and Banff. We come in third; I believe we're first. We'll argue that one on another day. But it's better for us to look at those areas for drawing our tourism. We'd love to draw them from abroad, but we just don't have the resources to do that. But if the province is willing to step forward, we would be willing to be a partner.

Mr. Bob Delaney: Fair enough. That's what I was asking.

Let's explore forestry a little bit. Would you describe the type of research Kenora and the surrounding municipalities have undertaken into the type of products and services, either existing or just emerging into the marketplace, or into non-traditional markets, that might be addressed by the forest resources of the northwest?

Mr. David Canfield: Absolutely. When I was mayor before, one of the things I had was a value-added committee. We realized that the forest industry was going to change in this country and in this province. I don't think anybody is going to be building any more paper mills. The ones that are here hopefully will be sustainable and will continue to operate. We're looking at reinventing ourselves in the forest industry.

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We're looking at basically a value-added cluster on one of the old sites, the old Abitibi mill site that was bulldozed. It's a huge area. It's an industrial park within itself. Hopefully with some investors from Manitoba, if we can convince them, you will probably see in the next four years at least half a dozen businesses.

Basically, what I mean by a "cluster" is, if we had one dimensional sawmill on that property, that would feed—and each business would feed the other businesses. All the residuals, the waste, would go into creating the energy that's needed, both electrical and thermal, and there will be—my concept—house-in-a-box, pre-manufactured homes on this site; a pole peeling plant; probably some of the clean residuals, a pellet plant for biofuels. There will be a veneer plant. There will be, hopefully, at the end of the day, windows and doors. The sky's the limit. We're looking at every opportunity there is, but what we're looking at is a cluster and turning that cluster into something that's going to feed and basically sell our wares in this area.

Mr. Bob Delaney: Let's see if we can get in the last question before we run out of time.

Priorities: From your perspective, both in politics and in industry, what existing program that serves the northwest right now should be the top priority for Ontario to either change or reform?

Mr. David Canfield: That's a tough one. If it comes to funding, when I look at the OMPF funding, as I said, we're basically owed \$2.8 million. I'm not going to quit that, so get used to it. I'll be back year after year if necessary until it's righted.

I think what we need in northwestern Ontario and Kenora is a climate for business. I think we have to have a different relationship with northwestern Ontario municipalities and the government. It doesn't matter who the government is. We have to work with whoever is in power, in a lot closer relationship, on having made-in-northwestern-Ontario solutions to rebuild our economy, because made-in-Toronto solutions don't work. The proof is in the pudding, as I said this morning.

Mr. Bob Delaney: I'm from Mississauga, and we can tell you that from where we are, made-in-Toronto solutions don't work.

I want to thank you very much for your time and for coming here.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

POVERTY FREE THUNDER BAY

The Chair (Mr. Pat Hoy): Now I call on Poverty Free Thunder Bay to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this round, it will go to the official opposition. I'd just ask you to identify yourselves for our Hansard recording.

Mr. Larry Brigham: Thank you, Mr. Hoy, and members of this committee of the Legislature. Welcome to northwestern Ontario and to Thunder Bay. We're glad you're here. My name is Larry Brigham, and I'm going to bring some general comments on huge monetary savings, increasing the quality of life for all and increasing the amount of money in the hands of those in need. That's what my job is going to be. Terri-Lynne Carter is going to give you a perspective from an ODSP point of view, and Cindy Crowe will give you an aboriginal perspective.

First, Poverty Free Thunder Bay is a group of citizens and organizations that want all citizens of our community to enjoy an adequate, livable income. Poverty is not a partisan issue, and we congratulate all parties working together to establish the poverty reduction strategy for Ontario to eliminate hunger and provide affordable housing, adequate daycare, social justice, easy access to education and community support.

The cost of poverty—you've probably seen it before—is outlined in the Ontario Association of Food Banks' November 2008 report, an analysis of the cost of poverty in this province. It's a very important paper, and

it shows that federal and provincial governments are losing \$10.4 billion to \$13.1 billion a year due to poverty, or between 10.8% and 17% of the provincial budget. Poverty costs every household in Ontario, in terms of real amounts of money, from \$2,299 to \$2,895 a year.

A few northern statistics for your information: 47% of the people using food banks in northwestern Ontario are under the age of 18; that's higher than the national average of 33%. In the last three years, the use of food banks has increased 89% in northwestern Ontario. And 17,000 people or 15% of Thunder Bay residents live below the LICO rate, the low-income cut-off, spending more than 55% of their income on food, clothing and shelter. In Ontario, it's 1.8 million people or 14% below the LICO.

In *From the Margins* is a recent report put out at the federal level by Art Eggleton and Hugh Segal. It's a bold, well-thought-through plan that would address the issues of poverty and, at the same time, save Canada and the provinces billions of dollars. They are suggesting a guaranteed livable income for all Canadians administered through the Income Tax Act. This would put more money in the hands of the poor, and it would avoid huge, cumbersome bureaucratic mechanisms. When people are trusted to make good decisions, they generally make the best decisions for themselves. If they make a false claim, that could be handled through the Income Tax Act. It's very clear; there's accountability there.

Sadly, I want to tell you that I personally attended the Croll commission hearings back in 1969. Senator Croll came. It was in St. Lawrence Market in Toronto, and tremendous recommendations came out of that. He tried to get the guaranteed livable income implemented. That did not occur. He offered these sweeping changes. They would have been as sweeping as medicare was at the time medicare came to Canada. It would have saved billions of dollars over a period of time, but that was not done.

Now we have another opportunity to look at this. Many reports have followed which have suggested band-aid solutions. I remember Judge Thomson's report. Some of you may remember that. Then there were Ed Broadbent's recommendations that were supposed to have no child poverty in this country by 2000. Those are just band-aid solutions. Now Eggleton and Segal, after touring the country, are suggesting the Croll formula once more. They've listened, they've heard, and they see that there could be excessive savings here, an accessible living income for all Canadians.

I can't say it more clearly than Hugh Segal states in the two attached documents I've given you from the Globe and Mail, so I'll let you look at those. There is a suggestion that a green paper will be coming forward as the federal-provincial agreements are renegotiated around the social programs in three years' time. Segal has said that if citizens were guaranteed living allowances for themselves and their families through the income tax system—and I'm not sure I've got these right, but it seems big to me—the cost to people in Canada would be

\$60 billion. That's all to give everybody a livable income. At the same time, the Canadian people would save \$160 billion. That's a lot of money: \$100 billion to be saved across Canada. This report that was brought forward has been approved by the Senate.

New research is also available to show that if poverty is dealt with effectively, everyone will have a better quality of life. The research is in from 23 well-developed countries. This document is found in a book called *The Spirit Level*, by two British epidemiologists, Pickett and Wilkinson. The book examines inequality of income distribution in the upper 20% and the lower 20% of these 23 countries, including Canada, and the spread of incomes. It's compelling because all the positive social indicators in a society improve with the narrowing of this spread of incomes. We've seen a spreading of this spread of incomes, and we need to bring it down if we follow what they're saying in this book. Sweden, Norway and Japan are good examples of countries that have narrow equity spread.

Here are a few things I'd like to encourage the committee to do:

- stay the course on the poverty reduction plan for right now and then be open to change;

- kick-start the economy with a security review, build guaranteed livable incomes for Ontarians and attach them to the Income Tax Act;

- develop a strategy and provide funding for disproportionately poor communities to effectively redress the structural and systemic poverty: communities with large aboriginal groups, single-parent groups and disabled people;

- provide increased affordable housing provision for those at risk: single parents, aboriginal and disabled people.

1340

The Honourable Frances Lankin and Munir Sheikh, who are the two commissioners in the review of Ontario social assistance, could be encouraged to meet with the federal senators and review their findings. A thorough understanding of the research in Britain might be helpful. Canadians like incremental change, don't we? And some sectors will strongly oppose a radical shift. However, as I said before, it was just such a radical shift that took place with the medicare system, which is respected in many parts of the world these days. A new social network of support with adequate living income will be less costly, and we'll have more money in the hands of the people who need it. Other services are not going to be as badly affected as they are today. Health, corrections, education, policing: Those costs could come under better control if people had the money they needed in their hands.

Hopefully, these ideas will be considered because they are the right thing to do and because they will save taxpayers money. A sense of hope and opportunity for all citizens will be a cornerstone of a new Ontario social support fabric.

The Chair (Mr. Pat Hoy): We have about three minutes left.

Ms. Cindy Crowe: *Remarks in Ojibway.*

Standing Strong is my spiritual name and Caribou is my clan.

I'm an urban aboriginal person. As the elders like to say, I'm the urban Indian and they're the bush Indians. I grew up in a home with two alcoholic parents. This was devastating, but it's not uncommon for people who are even here in the city. It causes you to feel disconnected, or to have a feeling of not belonging.

You might have caught the story on Canada AM yesterday morning. There was a story about Attawapiskat. They were showing the family's home and how it's full of mould. A 2009 housing report for the Nishnawbe Aski Nation territory illustrated a housing backlog of 4,752 homes—this was in 2009. The projection for 2029 is a shortage of more than 12,000 homes. If you were to take care of the current housing backlog, you're looking at \$1.2 billion. If you looked at the projection for 2029, it's more than \$3 billion.

I have experienced poverty myself, along with my five children. We have been homeless and we have had to use food banks. It's got to be the worst experience that a parent has to go through with their children. You don't know what it's like until you've actually experienced it. This trauma that my children and I experienced—it takes years of therapy to get over things like that.

One experience I remember of a local food bank here—the person was well-meaning, but she asked me why I ever let myself get to this extreme. I remember being so distraught when I left that I didn't buckle my baby into her car seat, and she fell out when I turned the corner. That just goes to show you some of the experiences that we have, and these are real experiences.

A few statistics: I'm not going to do too many as we're running out of time, but 39% of our aboriginal population has not completed high school, compared to the provincial aboriginal average of 30% and an overall Thunder Bay average of 25%; 33% of aboriginal men and 39% of aboriginal women 25 years and over had less than high school as their highest level of schooling; 41% of the aboriginal population in Thunder Bay lives in poverty—41%—compared to 27% elsewhere in the province; and approximately 25% of people in Canada suffer from mental illness. This statistic is much higher in the aboriginal population.

Again, speaking from personal experience, there are no services to access for anybody who has an emotional or mental illness. I suffered with it all of my life, and it wasn't until I started achieving teachings through my culture that I was able to achieve balance, but you would not believe what I went through to get that. There were no treatment centres here to go to, there were no health centres to go to. I mean, we desperately need these services. There's no welcoming centre for aboriginal people who are coming into the city, and we know we have more and more people migrating to Thunder Bay.

How much time do I have left?

The Chair (Mr. Pat Hoy): You're two minutes over.

Ms. Cindy Crowe: Oh, I'm two minutes over? I'm sorry.

The Chair (Mr. Pat Hoy): So what I'm going to do is, I'll ask the other individual to give some brief comments, and you'll have to tell the others to practise before they come.

Go ahead.

Ms. Terri-Lynne Carter: My story is not really unique: I'm on ODSP. I went to university. I come from a family where only one person worked at a time, so I had to put myself through university. I worked three jobs. And when I went off to university in southern Ontario I got very ill; I got Crohn's disease. It was hard, because I had to apply for ODSP. It was a hard process, because the first time I went to apply for Ontario Works, I was turned down because I had \$3,000 in the bank, so I had to apply again and I got it.

Living on Ontario Works is definitely hard. You get \$540 and your rent is \$600, and I lived in the cheapest area possible because I was a student. I tried to use a food bank, but I have a disease where you need specialized food. Most of the food that they give you at the food bank, I can't eat. They didn't give me enough money for rent but I couldn't borrow money off my credit card, because that's considered a cash advance—it's like a loan—and my parents couldn't give me money because then I'd have to declare it. So it's very hard to live on this.

The system punishes people who want to be independent, productive members of society; those who don't want a handout but need a hand up. You can't save for the future. You can't have relationships. You can't have children, because you can't pay for their expenses. It's humiliating to fill out forms to receive the special diet allowance, and well-educated minds are not encouraged to contribute to society.

If I had sufficient money to live on, I could buy what I want instead of approaching the government, bowl in hand, saying, "Please, sir, can I have some more?" like a modern-day Oliver Twist.

The Chair (Mr. Pat Hoy): Thank you. We'll go to questioning from the official opposition. Mr. Barrett.

Mr. Toby Barrett: Thank you, Chair. We've got a lot of ground to cover here.

I really appreciate the information from Hugh Segal and Mr. Croll. On the guaranteed annual income, I don't think we're there yet. I don't think this government is there on that one, although as you've indicated, there's—what?—\$160 billion to play with.

Mr. Larry Bringham: Big money.

Mr. Toby Barrett: I hear what you're saying as far as, obviously, a lot less bureaucracy and a lot less expense in that end of it, and eliminates the micro-management that you would see through the Ontario disability support program. I think it is appropriate, given the times, to go back to ideas from the Depression, from the 1930s.

There's this lack of trust, I suppose, and there's this constant—every paycheque is monitored, and there's

recording and forms to fill out. I'm thinking more of, say, ODSP. We received a similar recommendation before this committee yesterday, in Windsor, to streamline the efforts with respect to monitoring, say, any employment income that people are able to add to government payments. Half of that gets yanked away. You can only have so much in the bank, which creates nothing for the future. So one proposal is that the government move to an annual review, based on the tax system. It would eliminate a lot of government jobs.

Any further thoughts on that?

Mr. Larry Bringham: I think the other thing it does is, if you see the scale there—it doesn't show up too well on the documentation—it's a graduated scale, which really encourages people to become more independent. The system right now does not do that. It does not encourage people. The system purports to be something that would try to get people off of welfare, but it really is not set up that way, whereas the system that Eggleton and Segal are suggesting—interesting; Liberal and PC—does that.

Mr. Toby Barrett: Just maybe to focus again on ODSP, there's legislation that was put forward a year or so ago—I put it forward—to encourage more employment of recipients. I think only about 9% are working, and many people, like yourself, could be working more. Some of the hooks there: People would be allowed to keep the first \$700 a month that they earn. They'd be allowed to keep more money in the bank: up to \$12,000, and \$20,000 for a family. Would that help out?

1350

Ms. Terri-Lynne Carter: It would, but right now my problem is that I'm on Remicade, so my mum's drug plan pays for that. If I go to work, I lose her drug plan.

Mr. Toby Barrett: Again, I think part of that is to eliminate some of these unfair practices, where you're penalized for working, volunteering or helping out.

The last point: You mentioned Frances Lankin and Dr. Sheikh with a major review. I find this odd, because we just came out of the recommendations of the Social Assistance Review Advisory Council. They brought out their report in June. This committee, last year, formally made submissions, made recommendations to that review. Now we've got a review on top of a review, and it's not going to come out until June 2012. What's going on here? Did we get hoodwinked on this one?

Mr. Larry Bringham: There have been reports coming out for 40 years. They're all patchwork, they're all band-aid. They don't deal with the real issue: having more confidence in people, giving them a right to make their own decisions, giving them the money to make their own decisions and helping them become independent. What we're doing with our system right now is we're increasing dependency and we're not giving people enough money. The other way, we give them more money and we increase their independence. To me, having seen this back in 1970 and hearing it again, it's refreshing, but it's long overdue.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

WESWAY

The Chair (Mr. Pat Hoy): Now I would ask Wesway to come forward, please. Good afternoon.

Ms. Carol Neff: Good afternoon.

The Chair (Mr. Pat Hoy): You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I'd ask you to identify yourself for our recording Hansard.

Ms. Carol Neff: Okay. My name is Carol Neff, and I just want to say many thanks for this opportunity. I believe you have a copy of my presentation.

What I wanted to tell you about a little bit was what Wesway does. We're a local non-profit organization and we provide a flexible range of community-based respite care services for families who provide ongoing care for a family member who lives with them. The family member may be of any age and must have a disability or chronic health condition.

The ongoing care responsibilities for family members cause changes in the health status of the family caregivers. They frequently report high stress levels, exhaustion, depression, interpersonal conflict, loss of sleep and social isolation.

Respite provides families with short-term breaks. It's a crucial support, enabling them to continue their role as caregivers. Our health system and our developmental services system would actually collapse if family caregivers didn't make the sacrifice.

Wesway understands the difficult economic climate that we're in right now, for sure. We also appreciate the impact on the provincial budget and the unique challenges the government faces, and as a not-for-profit organization, as a charity, we certainly understand restraint. But we also see community need and public policy opportunity. Government is very familiar with the challenges posed by the demographic shifts in health trends; namely, an aging population and a growing prevalence of chronic conditions and various disabilities.

The government also has demonstrated an understanding of the value and cost-efficiency of home and community-based support, particularly with the decision to maintain planned levels of funding in recent budgets, including the aging-at-home strategy when the economy was experiencing a severe downturn.

Respite helps reduce the need for more costly services, giving maximum benefit for public dollars invested. These challenging times require more than ever that funding for respite and other community services be preserved in the 2011 budget. In addition, we urge government to consider some strategic investments now to save money in the future.

There are some facts that I wanted to point out. First of all, nearly half of the people who are waiting for long-term-care beds don't really need daily medical care. They could safely continue to live in the dignity of their own homes, if they had adequate community support services, at a much lower cost to the public. People end up in the emergency department or in hospital beds because the

basic home and community care services they truly need are not available, and this alarming trend will be hugely exacerbated in the coming years with rapidly aging baby boomers, of which I am one.

Family caregivers provide about 80% of the care for seniors and people with disabilities. They are collapsing under the weight of their responsibilities, as they juggle careers and manage the care needs of aging parents. Some family caregivers are very elderly, with health issues of their own, and they steadfastly strive to continue to care for their frail spouses or their adult children with disabilities, yet community support services account for only about 1% of Ontario's health care spending.

The province cannot afford to fund costly hospital stays as a solution; they don't address the root of the problem. It's absolutely imperative that we get upstream of the crisis by supporting individuals and their family caregivers in their own homes.

It's crucial that we reform the focus of our health system toward prevention, allow more people to be supported at home, prevent family caregivers from burning out, avoid unnecessary hospitalizations and long-term care placements, and do so at a fraction of the cost. Investments in community support services free up hospital beds and unclog emergency rooms; they reduce the demand for chronic care beds, they shorten the wait-lists for long-term-care homes for those who truly do need that level of care, and they decrease long-stay hospitalizations. Costs are lower when care is provided in the community.

By addressing the true needs of seniors, the province can support them to continue living in dignity in their own home in the community for as long as possible, which is exactly where they want to be. This was the intent of the government's aging-at-home strategy, and I believe it's a brilliant tactical approach that must be upheld and reinforced and expanded.

I have two simple recommendations: One is to please sustain the aging-at-home strategy with base funding for the projects which have successfully proven their worth to the health system; and the second one is to build on that successful philosophy underlying the aging-at-home strategy to consider the needs of people under the age of 65 and their family caregivers. So we need a provincial strategy for adults with disabilities.

Investments made in the community now will strengthen families, maintain dignity and respect for frail seniors and people with disabilities, and will achieve clear cost savings in the long run. We must take action now to preserve the future of our health and community care system for our children, grandchildren and generations to come.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Thanks very much for that presentation. Thank you for coming in this afternoon. Of the clients you serve, what percentage are elderly couples where one person is looking after the other?

Ms. Carol Neff: The way we are funded, we actually serve different populations. If I look at the people we're serving who are seniors, I would say probably at least half of them are elderly seniors caring for a spouse. The others would be adult children caring for their parents, by and large. So what we see quite often is a 92-year-old wife caring for her 94-year-old husband and really wanting to stay at home together. The 92-year-old wife may have her own health needs and need to attend her own medical appointments, but can't leave her husband alone. Sometimes you end up having two crises supported because you don't give that wife a break so that she can get out to attend her own therapy or whatever—those kinds of situations.

Mr. Peter Tabuns: Right.

Ms. Carol Neff: You'll also see people who are in their 60s and 70s caring for their parents who are in their 90s, and again, they have health issues. On the flipside, we see parents who are in their 80s and 90s caring for their adult children. Caregiving has been a lifetime for them because their children have had a disability and continue to live at home with them. So there's quite a number of caregiving scenarios.

Mr. Peter Tabuns: On average, how much respite care—and I'm sure it has to vary an awful lot—

Ms. Carol Neff: Sure.

Mr. Peter Tabuns: How many days per week or hours per week are you able, on average, to give to a household that is part of your operation?

1400

Ms. Carol Neff: Typically, we would provide from maybe five to eight hours a week, on average, which isn't a lot. Some families need more than that. Because we provide a flexible range of respite services, we can offer a weekend respite at one of our respite homes as well, so that would be a 48-hour block of time. People can mix and match how they use the service. Sometimes it's a simple thing, like being able to get out to the drugstore to pick up your prescriptions, to be able to go and have a haircut. It's some of those kinds of things. Or sometimes it's a chance to be involved in the life of the community and sing in the church choir on a Thursday evening, or something like that. Those are the kinds of ways people use their respite. A lot of the seniors are using their respite in order to attend to their own medical needs.

Mr. Peter Tabuns: How did your agency come into existence?

Ms. Carol Neff: Actually, it's interesting. We were probably one of the first respite care organizations in the province. Our history goes back to 1973. We originally began serving children with developmental disabilities. We actually came together—there was a group of people around someone's kitchen table from a church group, Wesley United Church and Wayside United Church, so you can see where we got our name. We're no longer affiliated with the church group, but we've grown and expanded beyond children with developmental disabilities to serve I guess what you would say are families who are caring for someone with an ongoing condition.

We serve a lot of people who have Alzheimer's disease now. That's a really big area and a huge demand for our service.

Mr. Peter Tabuns: Okay. I don't have any further questions. Thank you.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

THUNDER BAY AND DISTRICT LABOUR COUNCIL

The Chair (Mr. Pat Hoy): Now I'd ask the Thunder Bay and District Labour Council to come forward, please. Good afternoon.

Ms. Melanie Kelso: Good afternoon. I'm Melanie Kelso. I'm the president of the Thunder Bay and District Labour Council.

On behalf of the Thunder Bay and District Labour Council, we'd like to thank the Standing Committee on Finance and Economic Affairs for this opportunity to share our thoughts and concerns on the upcoming budget.

The Thunder Bay and District Labour Council has 10,000 members within Thunder Bay and district from a variety of unions that work in virtually every sector in our community. Given our size and the variety of our jobs and members, we're aware of the changes of—I'm nervous. I'm really nervous.

The Chair (Mr. Pat Hoy): Don't be nervous.

Mr. Peter Tabuns: We're very friendly.

Ms. Melanie Kelso: I know you're friendly.

Interjection.

Ms. Melanie Kelso: We're all friendly.

Mr. Bob Delaney: Don't believe him.

Ms. Melanie Kelso: You're not friendly?

Mr. Bob Delaney: We are friendly.

Ms. Melanie Kelso: Oh, okay. There are a few main issues that I'd like to bring forward, and those are the economy and employment loss, poverty reduction, education and training, strikes, pensions, fairness and equity in public sector compensation, and health care.

The outlook for people in Thunder Bay entering 2011 remains highly uncertain, as across the country. Almost 1.5 million people still remain out of work; it's still very high in Thunder Bay. We keep hearing that Canada has fared the recession better than other countries, but evidence suggests otherwise. There has been little improvement in overall labour market conditions. The pace of economic recovery has slowed. The good news for Ontario is that 75% of our jobs since the last recession have been recovered; the bad news in this is that employment is still 25% below the pre-recession level.

Many of the new jobs that have been created are termed "precarious"; that is, contract work, part-time or temporary employment. The single most significant change in employment since the recession has been an increase in temporary work. A family can't pay their mortgage or even feed their family on jobs like this. We need more full-time, secure jobs.

Reforming our labour laws on union certification would increase—the collective bargaining of trade unions has been found to bring more job security, benefits, better working conditions and a higher level of income for Ontarians. If workers want to join a union, they should be able to do so without employer interference and without rigid bureaucratic hoops that are imposed by restrictive legislation.

Poverty reduction: We still have a very high poverty rate. I believe it's still very high in Thunder Bay. I believe that a lot of the numbers are hidden. In 2008, child poverty was 15.2%; this was based on the low-income measures after tax. That demonstrates 412,000 children and youth under the age of 18 were living below the poverty line, despite the introduction of Ontario's poverty reduction strategy. It's still too early to assess the impact of this strategy. There are even more families that are struggling to make ends meet and falling into poverty.

For education and training: Ontario needs to renew its infrastructure for workplace-based literacy and language upgrading. The budget needs to increase the funding for the Second Career program.

Child care both creates jobs and facilitates employment and education through early learning programs. Funding is needed in this budget. In Thunder Bay, there is not a daycare that is open after 10 p.m. There are many people who still work shifts, and they have no place to put their children. Many parents are paying \$40 to \$60 per day per child. That's \$10,000 to \$15,000 per year per child for daycare. That means if you're in a minimum wage job, all your money goes for child care.

I also believe that business, government and labour should get together and talk about the problems for debate and research and advice on public policies and initiatives that might lead to improvements in interrelations and important social and economic developments. The province must establish a labour market partners forum with a broad range of labour market issues that can be addressed.

In the past several years in Ontario, there have been some long strikes. We have just had one strike that was over eight weeks at our medical school. A lot of the long strikes that have happened in Ontario in the past year haven't been helped when there have been replacement workers that have been able to come in. BC and Quebec have anti-scab legislation. That has reduced lengthy work stoppages, and we believe that a change like that in Ontario would be beneficial if we can reinstate that kind of legislation.

For pensions: Unfortunately, a lot of pensions and severance, if a company goes bankrupt, aren't secured, and that's all gone. The Canadian Labour Congress, the OFL and the labour council are saying that what we should be doing is upping the old age security, the guaranteed income and the Canada pension plan, and we should be replacing this with—that should go from 25% to 50% of the pensionable earnings. This would involve a premium of about 3% for each employee and employer, phased-in

over a seven-year period. The Canada pension plan is very secure, and it would benefit everyone.

1410

But instead, as you know, the finance minister, Jim Flaherty, backtracked from his position earlier that he had taken about upping CPP and having people go into pooled registered pension plans. I believe that this is what people should be able to do not only because it is voluntary, but because it's shown that our public retirement plans are much better. This should be given serious consideration and support by both the provinces and the federal government. Millions of workers across Thunder Bay, Ontario and Canada would benefit, in our view, and would be willing to pay more to receive the better pension that would make our pension 50% of our wages rather than 25%, the pension that we get now. Right now, if you're collecting old-age, you're living below the poverty level. This would have people living at the poverty level after the seven years of increase.

The Chair (Mr. Pat Hoy): You have about a minute left.

Ms. Melanie Kelso: Okay. I didn't think I was that long.

With health care, I think what's important to Ontario is what kind of reforms are necessary or not necessary, and we need adequate funding for our public health care. The cuts that are affecting our hospitals are affecting us personally, and to have more for-profit health care is not the way to go. We should be having OHIP still, not for-profit services.

Thank you very much.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Melanie, for being here and for your presentation. Thank you for the work that you do on behalf of Thunder Bay and District Labour Council and your 10,000 members, did you say?

Ms. Melanie Kelso: Yes.

Ms. Leeanna Pendergast: That's outstanding.

You brought up a lot of issues—there's a lot of information there—and it's difficult, not having had a chance to go through the information. But I just want to comment on a couple of things that you talked about.

Your first topic was the economy and employment loss. Is that right?

Ms. Melanie Kelso: Yes.

Ms. Leeanna Pendergast: Okay. I just want to say we understand that and hear you loud and clear. On the bus on the way to Windsor from London, I was on the phone with the president of my local union for a factory in my riding that has just declared receivership, so I have 350 people out of work this week. It's an ongoing problem. The question, of course, is sustainability, and I think at the end of your presentation you talked about that in health care and the idea that we have to find something sustainable.

You talked about poverty reduction and the high numbers in Thunder Bay. Fascinating, your comments on

child poverty. I didn't catch the numbers or anything, but children and youth under 18?

Ms. Melanie Kelso: Yes, and I believe those are Canadian numbers. That's from Statistics Canada in 2008: 1.6 million, or 12.5% of the people in Ontario, live in poverty. The child poverty rate was 15.2%, based on the low-income measures after tax.

Ms. Leeanna Pendergast: Thank you. You talked about training as well as something that's necessary and needed to get people back on their feet or to make the transition from one job to the next. You mentioned Second Career, which was expanded, but I'm hearing a need for more programs like that from you?

Ms. Melanie Kelso: Yes. A lot of the people who have been laid off have been working in forestry; some of it's mining. There are no jobs for these people at this point in time. A lot of it as well—they haven't received severance. For some of them, there's a reduction in their pensions as well. They're not getting what they were promised because their pensions were underfunded.

Ms. Leeanna Pendergast: I wanted to talk about pensions, too; you brought that up. But you did mention that daycare is not open after 10 p.m.?

Ms. Melanie Kelso: That's right.

Ms. Leeanna Pendergast: It was an "aha" moment for me as a mom and as a teacher, because—is that usual, for daycares to be open after 10 p.m.?

Ms. Melanie Kelso: In larger cities you can get 24-hour care.

Ms. Leeanna Pendergast: And you're saying that's something that would be necessary or needed in the north.

Ms. Melanie Kelso: Yes, because not everyone has family they can rely on to take care of their children. I know that personally, with people I have worked with. So if you worked to 11 o'clock at night, what happens to your child between 10 and 11? Are they thrown out on the street? Or they just don't go to that child care. And there is nothing. You also run a risk when you're just getting anybody to come in.

Ms. Leeanna Pendergast: Absolutely.

Ms. Melanie Kelso: And those children are very much at risk when it's not regulated.

Ms. Leeanna Pendergast: Thank you for your comments on pensions and pension reform. The government has just introduced and passed Bill 120 on pension reform, of course, looking at over two thirds of the recommendations from the Arthurs report. Minister Duncan, our provincial Minister of Finance, continues to call on the federal government and Minister Flaherty, as you pointed out, to urge them to continue to reform CPP. We appreciate your support in that area as well.

You talked about a labour market forum. Can you tell me more about that, working together? You talked about business, government and labour working together and forming something called the labour market forum. Do you have further information or could you direct us to learn more about that?

Ms. Melanie Kelso: Yes, and this is from the OFL. It's the umbrella group for myself. It's the Canadian Labour Congress and then it's the Ontario Federation of Labour and then it's the labour councils.

Ms. Leeanna Pendergast: Right.

Ms. Melanie Kelso: And it's the Ontario Federation of Labour that is proposing that the province establish a permanent labour market forum. I do have—it is a document from the OFL and I believe the OFL will be in Toronto later on.

Ms. Leeanna Pendergast: It will be available, yes.

Ms. Melanie Kelso: You will get the information there with Sid Ryan.

Ms. Leeanna Pendergast: Perfect. Those are all my questions. Thank you again for being here and for your presentation.

Ms. Melanie Kelso: Thank you.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

I'm advised that the Thunder Bay and District Injured Workers Support Group is not in the room yet, but I'm also asking. I'm also advised that the Persons United for Self-Help in Northwestern Ontario are not here yet.

PROVINCIAL ADVOCATE FOR CHILDREN AND YOUTH

The Chair (Mr. Pat Hoy): But I do understand that the Provincial Advocate for Children and Youth is here and would present at this time, so if you want to come forward, that would be wonderful.

Mr. Irwin Elman: I was asking if I could get extra time, but no. Too bad.

The Chair (Mr. Pat Hoy): We expect them at any minute, but we do appreciate you accommodating the committee at this point.

You have 10 minutes for your presentation. The official opposition has an opportunity for up to five minutes of questioning. I would just ask you to identify yourselves for our recording Hansard.

Mr. Irwin Elman: Sure. I'm Irwin Elman. I'm the Provincial Advocate for Children and Youth.

Ms. Laura Arndt: My name is Laura Arndt. I'm the director of strategic development for the Office of the Provincial Advocate for Children and Youth.

Mr. Irwin Elman: Thank you very much for having us here. I'm very pleased to be here.

I want to touch on three different themes, if I can, in the short time I have with you: children's mental health, support to aboriginal students, and youth transitioning from child welfare care.

When I was listening to Michael Kirby, Canada's mental health commissioner, he said that children's mental health is the orphan within the health care system. A much greater investment in children's mental health is needed if it is to shed that label. I'm asking the government of Ontario to make that investment in children and youth in the province.

Currently, about 5% of the \$47-billion health care budget goes to mental health. I'm asking the government to commit to raising that at least to the national average of 7.2%, including equivalent increases in children's mental health funding.

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When I was thinking about an example from my office to give you about the problem in children's mental health, I thought about a 14-year-old girl's parents who phoned the office the other day. She had been an in-patient in a pediatric psychiatric unit and she was ready to leave. She had about five different mental health diagnoses, and she was ready to leave. But in her community, where she needed to go to be treated, the children's mental health centre had a wait-list for six months, so she couldn't be released. Her parents phoned our office, and once that call had been made, her parents were presented with a solution, which was to find a foster home bed for this child. The parents were told that this was the only option in their community where this child could receive the support treatment that she needed. She's a 14-year-old child.

The parents accepted the offer, but I remember when they talked to our office they said, you know, if their child had had a broken leg and the parents were told, "Well, the only option for treatment is gall bladder surgery in your region," nobody would have expected them to say, "Okay." I think the message is that we can do better than that, as a province. We need to do better than that.

We know that 15% to 21% of children and youth are affected by a mental health disorder in the province. That translates to about 467,000 to 654,000 children. We know that more have a mental health problem at some time. I have more statistics, but I have 10 minutes.

I want to say that we also know, from the Legislature's own Select Committee on Mental Health, the terrible strain that living with mental health puts on the people living with these issues, particularly children as well as the families. The committee articulated that well. In fact, over the past 25 years, there have been 20 reports in Ontario about reforming mental health, many of them saying the same things as even the recent—I call it the triple-R report, but the interministerial advisory committee report on mental health, which says a community-based service approach is really important—crucial—to be the cornerstone of a deinstitutionalized system. The problems are not new. It's time to act.

What's wonderful about this, I think, is that the reports, including the most recent ones, give elegant solutions to coordinating the services and creating the system that will meet the needs of that 14-year-old girl and others whom I spoke about.

So it is the time to act. The last report talked about a perfect storm brewing, where there's political will, bureaucratic will and community will to do something, and templates and road maps ahead. My suggestion to this committee, if I can continue with that metaphor of the storm brewing, is to catch the wind and make a com-

mitment, this budget, to do something, to signal to the province that this is important and we need to move ahead. I can't say that more strongly.

I want to talk a little bit, being in Thunder Bay, about a call I had about a year and a half ago, close to when I started in this position. It came from Kenora. It was from a reporter, and he said that a young person who had come from a remote community and was going to school in Kenora had just thrown himself in front of a train. He wondered whether we in the south—because at that point, he considered our office in the south—cared about these young people. And of course we do, and I know the people in this room do.

Later on, very quickly after that, I learned there was an inquest to be held in Thunder Bay about a young man who was 15, who went to Dennis Franklin Cromarty school here in the city and ended up dead in McIntyre River, in the city. He was, I think, the fourth, and now there are five young men who have died in a similar way—in the river; in the city—all going to that school, and who came from remote communities and went to school here.

The office worked with a group of youth in this city, supported by the regional multicultural youth centre and NAN youth decade council—because that's what we do: We work with young people to hear from their wisdom about what could be different. They produced a report called *Reserved and Lost*, and I chose to be here in Thunder Bay both to honour that young man and those young men who died here and the work of the First Nations young people out of the regional multicultural youth centre, the work they've done and continue to do to make sure that those young people did not die in vain.

The report recommends a number of things which I will suggest to the committee to consider. One of the most remarkable things about my work is that the young people I meet, whether they're in care and they've gone through a childhood of sometimes unspeakable difficulties, or they're young people living with really difficult special needs in hospitals, in rehab centres, to a person, when I ask them what they need, they talk about that, but they say they want to contribute. The young people in this city who are from remote communities want to contribute too. So it's not surprising that the recommendations they made that I can deliver to the province—because there are others to other jurisdictions—talk about how they can be part of the solution.

They talk about developing and training more youth leaders who can plan, organize and deliver youth-to-youth activities that appeal to their peers and engage them in mass prevention-oriented activities like physical activities, healthy lifestyles and wellness. They want youth centres, in this city and others—in Kenora and others—where they can have safe spaces, where they can feel they belong, where they can have a voice.

They want targeted youth campaigns against alcohol and drug abuse. They want youth-friendly information to prevent alcohol and drug abuse. They want support for youth-led strategies to educate, communicate and raise

awareness of the consequences of alcohol and drugs. And they want support in raising public awareness of the difficulties that young people in their situation have.

I wanted to put that on record. There's a lot more that the province can do for First Nations children and youth, and needs to do, because it is a crisis. I wanted to make sure the words of these young people were heard here.

Finally, I want to speak to you about your children. They are crown wards who come into care through no fault of their own. I think you know this. Young people come into care with child welfare. They're made crown wards because they were deemed in need of protection, they were deemed to be suffering from physical, sexual, emotional abuse or neglect. They come into care and they're made crown wards and that makes them the province's children. It means that the government of the day that's elected is their parent. They are the children of everybody sitting around this table, including me, but there's a special obligation for government members and, I believe, the Legislature. When you're elected, I and other Ontarians elect you to parent these children. So they're your children; I don't think there's any doubt about that.

The other thing that there's no doubt about is that they're not doing well. I could say that to you. The Ministry of Children and Youth Services says the same thing; it's concerned. That goes from government to government. It's not that they just started not doing well; they haven't been doing well. Study after study says that. I could quote them.

The latest one, because I think it's relevant to one of the goals about graduating high school, is that the graduation rate of a crown ward, your child, is 40% from secondary school. OACAS, the Ontario Association of Children's Aid Societies, and the Ministry of Education did that study and released it just this year. The average in Ontario I think is 79%. These kids—your kids—are over-represented in shelters, in youth justice centres. They're not doing well.

But some, through courage and hard work and grace—sometimes I don't know how they do it—manage to get through, struggle through. I remember a young man I met—because it's my job to talk to young people—who said to me: "I'm 22 years old. I was in care since the age of six. I lived in a few homes until I moved to a foster home at age 10. They were wonderful. They told me that they loved me. I eventually told them I loved them too. When I was 18 years old, I learned that I would have to leave the home I was in. I did not realize. I was so hurt. I thought, 'What kind of family would say that? I said "I love you" to them.' I had to live on my own, and I never spoke to them again. I was so depressed, I'm not sure how I survived. But today I'm at Ryerson University, and I'm trying to study computer science. I can tell you, I don't know how I'm going to make it."

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The first thing to remember is that that's your child telling you that; it's not just me. The second thing is that it doesn't have to be that way. I've spent some time, be-

cause I know time's a restraint, talking to ministries, deputy ministers and ministers—not just the people you'd think I'd talk to—the Minister of Transportation, the Minister of Government Services, saying, "They're your kids." Nobody debates that they're your kids; nobody debates that they're not doing well. What can you do without spending a dime that would help them? Because I know time is a restraint. You'd be surprised. There's goodwill in those ministries—every ministry I've spoken to; I've spoken to 15 so far—and every minister.

Some, like the Ministry of Government Services, before we brought them together with child welfare already said, "Do you know what? We have a program for kids who drop out of schools, a co-op program. We can make some of those spots in that program for our kids, crown wards, if that is something that would be helpful. We can maybe think about waiving the cost of a birth certificate for crown wards or former crown wards." It won't cost a lot of money, if that might be helpful.

The Chair (Mr. Pat Hoy): We have about 30 seconds.

Mr. Irwin Elman: Oh, jeez—and I want to say that that goodwill is in the private sector, too. But if you don't act in addition, that goodwill will be squandered.

What I'm asking you to do is to extend what's called extended care and maintenance, a stipend to allow kids, at 18, to live on their own from child welfare until they're 21. Extend that to 25 with set goals, like graduation from high school; like finding a supportive person, an adult in their life; like having all their status, having all their ID.

I'm asking you to support some of the recommendations in the expert panel on infertility and adoption, like subsidies for adoption, to parents considering adoption, so that permanent homes can be found.

I'm asking you to allow foster care rates to be extended for kids who want to stay in their foster home past 18 if they're going to school. It's not going to cost you a lot of money. It will make a huge difference to your children.

Finally, I want you to consider everybody coming to you, and I want the cabinet to consider in every decision that's made, and I want bureaucracy at the deputy ministers' council to consider with every decision, whether it's from the Ministry of the Environment, the Minister of Agriculture or MCYS, "How can this decision benefit our kids?"—just the way you would when you go home and sit around your dinner table and decide if you're going to buy a new car or move your house or get a new job. You always think about your kids. I want this government, any government, to do the same for the kids that they're obligated to parent. Thank you.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you for your presentation. It looked like you were running out of time at the end there. You were talking about crown wards not doing well and a list of suggestions for how they could do better.

It seems like when kids hit 18, there's a wall that they hit, I guess, where all of a sudden, they lose a lot of supports. That's what I'm gathering from what you're saying, without being an expert on it.

You talked a little bit more about that and what supports you think should be there. Instead of just right at 18, it sounds like you're suggesting that supports should be there to a higher age or until they've achieved a secondary diploma or other targets.

Mr. Irwin Elman: I think that we need to have outcomes and expectations for what we want for our children—and I'm talking about crown wards. I think we should expect them to graduate from high school. We should expect that they have a permanent home rather than a placement. We should expect that they have permanent status in Canada—believe it or not, sometimes they leave with no status in Canada. We should expect that they have ID cards. We should expect that they have a source of income. We should expect that they have a connection to a caring adult or peer. Those are goals.

Your question about 18: The way the system works now, at 18, you're no longer a crown ward, which means child welfare cannot pay a per diem to a foster home or a group home if they're living there, so they must move. What happens is they stay on the books at children's aid and they have a social worker who gives them a monthly stipend, usually below—well, it is below—the poverty level in whatever community they're in, and they are expected to live on their own. At 21, regardless, you're out.

I don't say this—because child welfare isn't very supportive of this, but these are the rules: You're out and don't phone home, thank you very much. You're on your own. And nobody, particularly with the backgrounds that these young people have, can expect them to do well under those circumstances.

Your question is, "Do they need support after 18?" Yes, of course, and we need to do it in a systematic way. But the system needs to work just the way people have articulated it before, individually tailoring to each young person what makes sense for them, what they need; making sure they have a voice. So if they need to stay in that foster home or want to stay in that foster home because it's their home, allow it to happen. It makes sense. It's certainly a fiscally responsible thing to do, because the likelihood is that they will not be in our jails or our shelters or on OW. They'll be in school, which is what we want for them. I'm not just making a moral argument, although I am making that too. It's a common-sense, fiscally responsible argument.

Mr. Norm Miller: You also made a comment that I didn't quite follow. You said that you could make improvements without spending a dime. Did I follow that correctly?

Mr. Irwin Elman: Well, they haven't done it yet. What we're asking ministries to do is to look at everything they do and see how what they're doing can benefit their children or crown wards.

For instance, crown wards often don't have access to first-time jobs, because we know you get a job by per-

sonal connections. Well, they don't have those personal connections the same way that maybe children of people here sitting around the table do. But the government is their parent, so if the government has a program that provides jobs, why not cut a piece of that program for their very own children, the same way as, if we had our own business, we might let our children work in our business. By not spending more on that program—I wish they would—but just making that opportunity available to their children, they're finding a way to support crown wards. There are many opportunities like that.

I know I don't have time. You're going to tell me I don't have time so I'm not going to give you any more, but I could. But I want to make it clear that it's really important, but not good enough. It's a whole-government approach, but we need to make some legislative changes to make sure that goodwill is tapped into and can be used by the young people.

The Chair (Mr. Pat Hoy): Thank you for your presentation and accommodating us at this time. Thank you very much.

Is the Thunder Bay and District Injured Workers Support Group here? No?

PERSONS UNITED FOR SELF-HELP IN NORTHWESTERN ONTARIO

The Chair (Mr. Pat Hoy): The Persons United for Self-Help in Northwestern Ontario; if you'd come forward, please?

Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning after that, from the NDP in this case. If you'd just state your names, then you can begin.

Ms. Amy Vaillant: Okay. My name is Amy Vaillant and I'm the program coordinator at PUSH northwest.

Ms. Sarah Hampel: And I'm Sarah Hampel. I'm the regional communications coordinator, at PUSH northwest as well.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Amy Vaillant: First of all, I just wanted to apologize for the dating on my report; I'm still in 2010 for some reason. That is supposed to be today's date.

I'm just going to give you a little bit of background on PUSH and what we are. We're actually Persons United for Self-Help in Northwestern Ontario. We're a non-profit charitable group. We were founded in 1989 and our mandate is to act as the collective voice of persons with all types of disabilities throughout northwestern Ontario. The region we serve covers from White River to the Manitoba border.

What we do is we advocate strongly for the removal of barriers to inclusion for people with all types of disabilities in our region. We also try to promote inclusion and equality for all citizens. It's our mandate to address issues that we feel impact the quality of life for these people in our region.

What we wanted to speak on today—our big issue we've been working on for the past couple of years—is

that there's a lack of funding for home support care services in our province. Over the past couple of years, PUSH and its members have been working to address the fact that there are extensive waiting lists for service within our region. We've had group committee meetings with a number of local and regional service providers that provide home support care services, outreach care services, some of the groups that run the direct funding program in our region and other groups that provide supportive housing for people with disabilities.

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We've also met with local health integration networks, the district social services administrative boards and other interest groups in our region just to do a little bit of research on what's going on in our region. What they've told us is that there's up to 400 people in northwestern Ontario, people with physical disabilities, who are on waiting lists to receive home support care. We felt that this was a huge issue for us. Some of the groups we've talked to have said that once an individual is placed on a waiting list, there can be a wait from between four and 10 years to receive home support services. We've deemed that a bit of a crisis for people with disabilities and we're looking to try to develop some type of funding solutions that can address this issue.

Some of the programs we wanted to bring to your attention as ones that are very effective and that can hopefully reduce some health care costs are things like supported living units, which are accessible apartments with support care built into them; community outreach care; in-home care services; and the direct funding program.

Disability service providers that we've talked to have said that there has been no expansion funding for these programs in at least eight years in northwestern Ontario. In the meantime, people with physical disabilities are waiting in hospitals. Some of them are left to live with aging caregivers and they're not receiving the services that they need to be independent, functioning, active members of the community. With a lack of care, sometimes if you're left in the hospital or living with an aging parent who can't meet all your needs, it exacerbates your problem. You can end up with people with bedsores, people in hospitals where nurses just don't have time to customize their care to the level of care that they need. They're inappropriately housed in long-term care. I've read statistics that up to 10% of the people who are living in long-term care could actually live in the community if they had proper community care.

We're here to say to you that people want to go home. People want to live in their homes. They want to be actively involved in their community. They don't need to be in the hospital. We are trying to advocate that there might be a shift in funding priorities as far as Ministry of Health programs.

We believe that there's a bit of an imbalance between institutional funding and community care funding. Just for an example, in Thunder Bay there was a recent investment of about \$100 million in projects like the

centre of excellence for seniors, which is more of an institutional model, yet when we talked with the North West LHIN about expansion funding for home support for people under the age of 65, they told us that their plan goes to 2013 and we can't expect to see any new funding up to at least 2013. It's a bit of a concern for our group that the focus is more on institutional care when we believe that a more community-based model is more appropriate for people with disabilities and seniors as well. For a lot of our members it's a serious concern. They're living in fear of being institutionalized at a young age when their families can no longer meet their demands.

We wanted to give you a little bit of background on some of the people we have talked to, just a couple of key stories that we've heard in the past year alone. For example, in one case we spoke with, a 50-year-old woman who lived in Dryden had multiple sclerosis and she was living in the Dryden hospital. When she was ready for discharge, she couldn't leave the hospital because there was nowhere for her to go. There was no accessible housing and there was no home support. She would even have been able to manage in her own home if she could just access some community care. Because she wasn't able to access that, the hospital began to bill her \$1,500 for every day she remained in the hospital. When she called our organization, her bill was up to something like \$240,000. The stress of how she was going to pay for that started to make her condition even worse and she was very distraught at the thought of having to leaving Dryden because her children and her grandchildren were there.

What eventually resulted from this case was that the hospital essentially forced her to move into a seniors' long-term-care facility. They way they did that is they offered to forgive her bill if she would move.

We think that's a little outrageous. The cost of keeping her in the hospital was probably 10 times more than it would have been to fund her living at home, and the cost of her living in this facility is even higher than home care would have been.

Ms. Sarah Hampel: In another instance, a young person with a disability living with his family in Atikokan, Ontario, contacted our organization because he wanted to go to Confederation College here in Thunder Bay. Unfortunately, he had been waiting for over three years to access the support care services he would require to move away from his family and to attend the school. He was forced to place his education and future as a contributing member of society on hold because of the lack of service. His mother began facing health issues of her own because of the demands of his daily care. His issue cannot be solved by accessing support care funding such as the direct funding program, which would allow him to move freely while still accessing the care he requires.

Finally, we have spoken to a person living in Thunder Bay with muscular dystrophy. She has been on a waiting list for a support service living unit at one of our local agencies in Thunder Bay since 1996. Fortunately, she had the foresight to apply to the service at a young age

because she was aware of the degenerative nature of her disability. She continues to reside in an inaccessible apartment with her spouse, who helps her with her daily care, but who also has health conditions that may impact his ability to care for her in the future.

In an interview with PUSH northwest, she stated that after 15 years on the waiting list she's afraid that she'll end up in an institution because the supports she has applied for will not be provided at the time.

We have heard time and time again that people with disabilities across northwestern Ontario are angry that the services they need to live are not being provided to them and that they are afraid for their futures and their families. The members of PUSH northwest are asking you as a committee to make the recommendation to fund home support services that can reduce the costs and demands to our health care system and change the quality of life for up to 4,000 people—individuals and families.

The recommendation that PUSH is making is that community care makes fiscal sense. From local and regional service providers, we have spoken with community support services for people with physical disabilities at maximum care levels, which are approximately \$150 per day. For those with high-level brain injuries and those who require 24 hours of coverage, the cost can be up to approximately \$350. Compared to the cost of an acute care bed at \$1,200 to \$1,500 per day, the savings are considerable.

In some reports it has been stated that up to 10% of people living in long-term-care facilities could remain in their homes with the proper home supports. The Ontario Community Support Association states that as of November 2010 there are approximately 4,000 people with disabilities on waiting lists to receive home support services across the province. Our regional members make up approximately 400, or 10% of that provincial waiting list. According to the OCSA, a shift in merely 0.1% of the provincial health care budget, or \$16 million, from acute care to community home support services could reduce existing waiting lists by half. Details of the funding strategies are attached to our presentation for the standing committee's review.

The Ministry of Health and the local health integration networks have recently begun to recognize that home support services can ease the costs of health care and free up resources at acute care hospitals, as demonstrated by some aging-at-home initiatives for seniors. Yet none of the same supports are being provided to individuals under the age of 65 who require the very same care. Home support funding should be home support funding for all regardless of age.

In closing, we are requesting the support of your committee to ensure that people with disabilities have the right to be independent and grow and develop in their own environment. People with disabilities need and want to be in their own homes and continue relationships with their spouses, family members and friends. With the proper funding for home support care, we can reduce pressures on the health care system and avoid family

burnout. Health care spending can be reduced in a way that improves the quality of life for thousands of people with disabilities in our province.

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People with disabilities must be able to dream of pursuing a higher education or obtaining their dream career. We are confident that with the implementation of the Accessibility for Ontarians with Disabilities Act in the coming years, our government is demonstrating a willingness to increase opportunities and quality of life for all citizens. We look forward to seeing these principles reflected in the budget decisions made by the finance minister.

Thank you for your time this afternoon. It's been a pleasure to present to the Standing Committee on Finance and Economic Affairs.

The Chair (Mr. Pat Hoy): Thank you. We now move to Mr. Tabuns of the NDP—I looked the other way, though. Go ahead.

Mr. Peter Tabuns: No problem. Thank you, Mr. Chair.

Thank you both for coming and making the presentation today.

You present some numbers here in this document about the number of people—4,000 people in Ontario with physical disabilities waiting for attendant services, and you list where they are. Can you break it down, the number who are in hospital, ALC beds, or in long-term-care facilities?

Ms. Amy Vaillant: We can't. Right now, PUSH is actually doing a research project to find out the regional numbers. We've talked with service providers, and they will tell us that they have 400 on their waiting list, but because people who require supportive housing are sometimes transient, we've tried to develop a process to track people—because sometimes they're in a hospital and they are moved to long-term care or they go home to their families. So we're not exactly sure what our regional numbers are specifically. We've been told 400 and we've started to do some research with some of the groups we're involved with, but I couldn't tell you specifically how many are in the hospitals and so on.

Mr. Peter Tabuns: So you have roughly 400 on your waiting lists?

Ms. Amy Vaillant: That involves some of the groups in Thunder Bay, such as the Handicap Action Group, Brain Injury Services, and Kenora Northwestern Independent Living Services, their wait-list in Rainy River. That also includes the number waiting for direct funding through the Independent Living Centre. So that makes up that 400 that we claim.

Mr. Peter Tabuns: No, that's fair.

Of the people who are not in long-term-care facilities or in hospitals, how do families juggle? How do they actually manage to deal with this? How do the individuals actually manage to deal with this?

Ms. Amy Vaillant: They stress greatly. We've heard a lot from caregivers, single parents, grandparents even, people in their 60s who want to retire who have children

in their 20s. And the children want to go. The guy who wanted to go to school wanted to leave. He did not want to live with his mother in Atikokan, but he did not have a choice. And her health was a concern as well.

Families are getting tired. They do need support. There's not a lot of respite care available for people in the middle ages. Once you get out of childhood, the service level for people with disabilities drops considerably until you've reached senior age again. It's families in the middle age that are suffering the most.

Mr. Peter Tabuns: How did your organization come into being?

Ms. Amy Vaillant: PUSH? We were a division of the Handicap Action Group in Thunder Bay. Are you familiar with that group?

Interjection.

Ms. Amy Vaillant: Okay. Back in the 1970s, there was a group of people with disabilities who decided that they needed service. There wasn't housing for them, there wasn't transit for them, there wasn't home care for them, and they actually founded the Handicap Action Group in Thunder Bay, which now provides HAGI Transit, the parallel transit service. They provide supportive housing and they also provide a recreational facility for people with disabilities.

PUSH came to be the advocacy wing of HAGI and eventually separated because of funding interests. HAGI became more of a service provider, and it was our job to kind of push the ministry. PUSH actually separated from HAGI in about 1989.

Mr. Peter Tabuns: Okay. I don't have any other questions. I appreciate the work you do and the presentation you've made.

Ms. Amy Vaillant: Thanks.

The Chair (Mr. Pat Hoy): And thank you.

ASSOCIATION OF ONTARIO MIDWIVES

The Chair (Mr. Pat Hoy): Now I'd ask the Association of Ontario Midwives to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning, and this time it will come from the government. If you'd just state your name—

Ms. Eileen Abbey: My name is Eileen Abbey.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Eileen Abbey: I am a registered midwife in Thunder Bay and a former board member of the Association of Ontario Midwives. I'm here today to talk about pilot funding for midwifery-led birth centres. I will begin with a brief overview of midwifery and then discuss how birth centres can provide cost savings and efficiencies for Ontario's overburdened health care system.

With a proven safety record and high client satisfaction rates, midwives are experts at providing evidence-based, cost-effective care. Midwifery is an integrated part of Ontario's maternity care system, with services fully funded by the Ministry of Health and Long-Term Care. Midwives care for women with low-risk pregnancies

from the time of conception up until six weeks after the birth of their child. Currently, there are more than 520 registered midwives in this province who provide care to over 10% of Ontario's pregnant women as well as their newborns. Some 20% of those clients give birth at home, the other 80% in hospital.

This is why I'm here today on behalf of the association: to talk about where babies are being born in Ontario. I'm going to talk about changes that could lead to more efficient use of health care dollars, greater patient satisfaction rates and better outcomes that lead to healthier moms and babies.

Birth is the leading reason for hospitalization of women in Ontario, yet there is no medical reason for the vast majority of healthy women to be hospitalized for labour and birth. The evidence simply isn't there. In jurisdictions around the world such as the UK, the United States, Australia and closer to home in Quebec, women have the option of labouring and delivering in midwifery-led birth centres.

Birth centres are family-oriented sites where midwives provide comprehensive prenatal and postnatal care as well as labour care. They are community hubs with a focus on providing care within a health promotion model. This is the model of care that Ontario midwives currently practise. They are places where a woman feels safe and supported and where her caregivers know her name. Women can safely talk about what's going on at home and have not only their physical needs met but also their social needs addressed as well. As sites that support optimal health for women and newborns, birth centres in Ontario would provide excellent, safe and cost-effective alternatives to hospital-based labour and delivery units.

We know that they would provide excellent safe care for two reasons. First, midwives have the best clinical outcomes in the province, regardless of birthplace. We get these outcomes in part because of the relationships we build with women. As midwives, we have the ultimate opportunity to make positive changes in women's overall health during the prenatal period. This has an impact on the well-being of the whole family, which has positive implications for generations afterwards. Secondly, midwives are well integrated into the provincial maternity care system. With a proven safety record, seamless systems for transporting women in labour and hospital privileges, the model of midwifery care is already well-suited to practice in birth centre settings.

In addition to being safe, birth centres are also cost-effective, creating savings in two main ways. The first is by decreasing hospital admission rates. Birth centres redirect healthy women from hospitals to community-based care, presenting a significant cost savings without adversely affecting patient safety or satisfaction. But it's not just in hospital budgets where the benefits will arise. At a time when concerns about pandemics and hospital-based infections are increasing, the importance of keeping healthy people out of hospital becomes more pressing. Birth centres help to keep healthy people

healthy. Birth centres also create savings by decreasing obstetrical intervention rates.

1500

Funding birth centres supports the spirit of the Excellent Care for All Act. This important piece of legislation will improve health outcomes and reduce spending through the application of evidence-based care. Birth centres staffed by midwives present precisely the kind of cost-effective, evidence-based care that this act is supporting.

Let's take, for example, Caesarean sections. The rate of Caesarean sections has increased by almost a third in Ontario over the past 15 years. It is now at about 30%. There is broad consensus in Ontario that Ontario's C-section rate is alarmingly high. This number is twice as high as the maximum recommended by the World Health Organization. We have a rate of nearly one in three women undergoing a Caesarean section in this province. It is not evidence-based care; it is not safe care.

Research has shown that increases in Caesarean section rates in North America have not improved overall outcomes. In fact, the increased rate of C-sections has been indexed to poor outcomes, such as increased risk of maternal mortality and morbidity.

It is not cost-effective care, either. A recent report from CIHI, the Canadian Institute for Health Information, indicates that Caesarean-section deliveries can cost hospitals twice as much in obstetric care for both mothers and babies. The total cost of a Caesarean section itself, plus the three to five days a woman spends in hospital, cycles into thousands of dollars. The daily bed rate is approximately \$2,000 per day. What all of this means is that we currently pay a lot of money for bad outcomes.

Birth centres, on the other hand, promote births that are evidence-based while eliminating unnecessary interventions. Birth centres provide support to women that helps them have a safe and healthy birth. When women have the opportunity to access a birth centre, the rate of medically unnecessary interventions is reduced. This produces a significant cost-savings to the health care system without compromising either optimal or evidence-based care.

Because midwives are well integrated into the hospital system, those women who would need to have a Caesarean section for medical reasons or other needed medical interventions would still have access, as they do now.

Birth centres also make financial sense because they would be a valuable addition to the currently existing infrastructure that the province has already invested in. Last year, close to 500 midwives provided prenatal and postnatal care to approximately 14,000 women. They did so in 75 midwifery clinics from Kenora in the north to Windsor in the south, stretching across the whole province.

When birth centres are established in Ontario, they will take the existing provincial investment in midwives and clinic spaces and provide a significant benefit: a safe and healthy place where newborns can get the best pos-

sible start in life. The entire spectrum of maternity care needs would take place under the same roof. The continuity of care that midwives already provide would be enhanced because women would labour and deliver in the same familiar environment where they had received their prenatal care, further contributing to the excellent outcomes midwives have.

Because funding for the midwifery model of care is well-established, initial calculations undertaken by the Association of Ontario Midwives indicate that an investment of between \$3 million to \$4 million could support up to four pilot projects. The cost of establishing these four pilot sites would be recouped from the savings to the system that birth centres present by diverting women out of the hospital system and their potential to decrease costly and medically unnecessary interventions.

Birth centres are already a success in Quebec, and this summer, Winnipeg is going to open Manitoba's first midwifery-led birth centre. At one midwifery practice in Gatineau, Quebec, 70% of clients plan for their birth to take place in the birth centre. Imagine how this frees up health care dollars.

In Ontario, midwives hear from women and their families that they want centres as an option in their maternity care. Ontario midwives believe it's time women and their families are able to access birth centres. We look to the next provincial budget to support our campaign to listen to women, enhance their health care options and support the long-term sustainability of our health care system.

Throughout its history, regulated midwifery care has enjoyed support from all three political parties. You can all be proud of the contributions midwifery has made to maternal and newborn health care in Ontario. Today we are asking for your support again. We look forward to seeing funding for birth centres be taken up in the next provincial budget.

Thank you for this opportunity to speak. I would be happy to answer any questions that you may have. Questions that I cannot answer should be directed to Juana Bernstein. Her details are at the end of this presentation.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to the government and Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Eileen, for being here today, and thank you for the work that you do on behalf of the Association of Ontario Midwives.

I just have a couple of points of clarification, as this is the first presentation we've heard on behalf of the Association of Ontario Midwives. You end by talking about funding for birth centres, and then I flip back to the first page where you're talking about pilot funding for midwifery-led birth centres. So is that what we're talking about? A pilot?

Ms. Eileen Abbey: Yes. I think, initially, we're looking into setting up these four pilot projects.

Ms. Leeanna Pendergast: Is there a plan already being developed through your association?

Ms. Eileen Abbey: I'm not specifically privy to those details, but I'm pretty certain that the AOM are in the

process of developing more specific plans. Juana Berinstein will be the one to have the specific details.

Ms. Leeanna Pendergast: That always helps, if we're looking at cost-effectiveness—what exactly would be the cost associated with this request.

Ms. Eileen Abbey: They've looked at the cost calculations. They haven't given me the specific details, but they presume that for the four, it will be between \$3 million and \$4 million.

Ms. Leeanna Pendergast: Between \$3 million and \$4 million for the four pilot sites?

Ms. Eileen Abbey: Yes.

Ms. Leeanna Pendergast: On your first page, you talk about greater patient satisfaction—of course, that's a priority—and then a more efficient use of health care dollars; another priority, for sure. I'm going to go back to that point.

Then you talk about, on the top of page 3, the studies that the UK, the US, Australia—they have midwifery-led birth centres. Would the association have any further research about those?

Ms. Eileen Abbey: They have the references to what we've addressed in the presentation, so the statistics or the evidence are there. I haven't read those. These are ones that they've presented.

Ms. Leeanna Pendergast: If they have something, it's always helpful. We're talking about informing the Minister of Finance—in the spring budget. So if we're talking about a pilot, it's good to know.

Further down on page 3, you talk about cost-effective alternatives. In the footnotes, the references are 1996, 2000 and then the American journal from 2003. I'm wondering if there's anything more recent or more specific to Ontario.

Ms. Eileen Abbey: I'll send that question to Juana and get her to contact you with that information. They have asked me to present this, and it was a fairly sudden request. They weren't here in Thunder Bay. I can ask them to get that information.

Ms. Leeanna Pendergast: If there's anything more recent—if we're talking about a \$3-million to \$4-million request.

One last question. Just the model itself, in the pilot: How would that look, in terms of decreasing the ob-gyn

intervention? Would it be in a model like a family health team, where there would be a relationship with obstetrics? How does that work?

Ms. Eileen Abbey: Where the pilot projects are situated would obviously be in response to the uniqueness of that community, and it wouldn't be isolating obstetric care. Obviously, we would be part of a team to ensure that women are getting safe care, whether it's for low-risk women or high-risk women, so it would be part of the whole health care package that women would have.

It would be a stand-alone clinic or birth centre, but there would be, obviously, opportunity to Medevac people out or transfer people out if they needed to be transferred, as currently happens in Quebec. There are processes by which either women are not suitable for delivering in birth centres, or something happens in their labour that requires their transfer to a more suitable site.

Ms. Leeanna Pendergast: Okay. We are talking about stand-alone, as you said, so it's a significant initial capital investment?

Ms. Eileen Abbey: Yes, initially, but with the belief that excluding women from the potential for unnecessary intervention will ultimately be a saving throughout, not just financially but also for women's and babies' health.

Ms. Leeanna Pendergast: And of course, it supports the government's alternative-level-of-care investments.

Ms. Eileen Abbey: Yes.

Ms. Leeanna Pendergast: Thank you very much. Thank you, Eileen, for your presentation. It was great.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

By the way, I forgot: If you send any information, if you could send it to the clerk—she'll give you the address—and then everyone on the committee can get that information.

Just so the committee is aware, we've tried to contact the 2:15 presentation and there's no response. As you probably know, we ask people to come half an hour ahead. They're quite late. We do have a shuttle bus ready for 3:45, so my estimation is that they're not coming, but we did try to get a hold of them.

With that said, I'm going to adjourn.

The committee adjourned at 1511.

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Jeudi 27 janvier 2011

Standing Committee on Finance and Economic Affairs

Pre-budget consultations

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires

Chair: Pat Hoy
Clerk: Sylwia Przedziecki

Président : Pat Hoy
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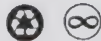
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STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 27 January 2011

Jeudi 27 janvier 2011

The committee met at 0904 in the Cedar Meadows Resort, Timmins.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We're pleased to be in Timmins this morning.

Mr. Gilles Bisson: Thank you, Mr. Chair, and thank you, members of the committee. I want to officially, on behalf of the people of Timmins—James Bay and specifically the city of Timmins, welcome you to the city with a heart of gold. The price of gold is \$1,300 an ounce. We're happy; it's good for the gold mining industry. I just want to say to all of you that we appreciate that the committee has taken the time to come to this city to hear what people have to say in regard to the pre-budget consultations. I wish you well in your deliberations. Unfortunately, I can't stay with you all morning. I've got a constituency office with people waiting to see me, so I'm going to stick around for maybe the first presentation or two, but if I leave, it's not because of your presence.

The Chair (Mr. Pat Hoy): Thank you.

M. Gilles Bisson: Merci; on se verra encore.

The Chair (Mr. Pat Hoy): For the committee, if you would operate your own mikes this morning, it would be appreciated. When you're completed, do remember to shut them off.

NORTHERN COLLEGE

The Chair (Mr. Pat Hoy): I would ask for our first presenter of the morning, the Northern College of Applied Arts and Technology, to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this round, it'll come from the official opposition. I'd just ask you to state your name for the purposes of our recording Hansard, and you can begin.

Mr. Fred Gibbons: Good morning. My name is Fred Gibbons and I am the president of Northern College.

I want to thank you for the opportunity to appear before you today for the 2011 pre-budget consultations. Northern College is comprised of four campuses, in Timmins, Kirkland Lake, Haileybury and, on the tip of James Bay, Moosonee. We have approximately 1,900 full-time students and a further 9,200 part-time students

studying with us. We're a composite college offering one-year certificates, two- and three-year diplomas and a four-year nursing degree. Those programs constitute approximately 54% of our business. The other 46% of our business is what the average person in the community, around the province, does not see. People tend to equate colleges with graduation days, convocation ceremonies and students who cross the stage to pick up their diplomas or certificates. That's the 54% of the business. The other 46% is comprised of literacy and basic skills or upgrading programs, apprenticeship programs and contract training.

We're preparing students and the employees of area businesses to meet the ever-changing and evolving needs of employers today and for the emerging knowledge and green economies. Nowhere is this more evident than in the aboriginal communities along the James Bay coast. Promising new economic development opportunities are centred on mining. However, for aboriginal people to engage in those employment opportunities, literacy and basic numeracy skills training will be fundamental for that population to be able to access and participate in those new jobs.

Firstly, I'd like to commend the government on their recent announcement on the credit transfer system. As many of you know, colleges have been advocating for a robust credit transfer system for many years and we're pleased that the government has taken this good first step. My main message today—I'd refer you to the handout that was provided to you—appears on page 3. The main message is that it's critical that the government remain focused on investing in education and the skills development of the people of the province of Ontario in order to provide solutions to the many challenges facing us in the coming years. The most important concerns, in our opinion, of Ontario's residents today are jobs and the economy. Addressing those concerns requires a strong focus on post-secondary attainment. If the government is to reach its attainment goal of 70% post-secondary attainment, investment in colleges is necessary.

I refer you to page 4. In my community, like others across the province, we're facing a serious labour market crisis. Area communities have benefited from two natural resource pillars to form the backbone of our economy, those being forestry and mining. The forestry sector has all but collapsed, making some communities who are wholly dependent upon this sector now seek new opportunities for economic diversification. Those words sort of

roll off your lips, don't they? "Economic diversification." In fact, success is elusive.

0910

Fortunately, mining has been strong in the north, and notwithstanding the loss of almost 700 permanent jobs with the closure of the Xstrata metallurgical site, the city of Timmins has a robust economy.

The Second Career program has made a difference in my community, and the success of the program can be attributed to the work that the colleges and the province have done together to create a new program and options that help to prepare people for good jobs.

There is, however, much more work to be done. While we have unemployment, many of the unemployed cannot move into employment because the emerging knowledge economy and the skills gap that exists between the unemployed and the skills required today in emerging sectors is a real gap.

A recent report by Rick Miner, entitled *People Without Jobs, Jobs Without People*, predicts that Ontario faces a long-term unemployment crisis as many people won't have the education and the training needed to fill vacant positions. In fact, based upon government of Ontario data, his research points out that in 2021, we'll have approximately 700,000 people unemployed while we have 1.3 million jobs going unfilled. We all know that education is an economic issue that requires immediate action. I submit to you on page 5 that colleges are a solution to these problems.

Reaching Higher investments allowed colleges to improve access, quality and accountability. An investment in colleges is an excellent return on investment. A college education is still one of the most affordable educations that a student can obtain. It's also the best route—and this has statistically been proven—out of poverty. More under-represented groups turn to college to earn their post-secondary credential than any other alternative.

Colleges deliver excellent value for money, and if we look at the key performance indicators of Northern College, perhaps that will stand as a testimony to itself. In the year 2009-10, the graduation rate of Northern College was 61%. So of all the students who started college, 61% completed. Provincially, it's 65%. So we're comparing northern Ontario statistics with provincial statistics. The graduate employment rate—those students who found work within six months of graduation—from our college is 82%; provincially, it's 85%. The employer satisfaction rate of our graduates, as measured directly by employers by an independent third party source, is 93%, on par with the provincial average.

College graduates are in great demand because colleges train people in the practical skills they need for the jobs of the new economy. Our graduates at Northern College and throughout Ontario's colleges are job-ready.

More than 500 new programs have been established to respond to the shifting labour market needs of our province, including programs in green technology. One of the new programs that we've created just in this last year alone is a two-year alternative energy technician diploma

program. We've also created, in response to the Second Career program, programs in underground hard rock miner, common core, and surface diamond drilling, in response to the needs and the pressures of our local mining industry.

Colleges have helped small businesses with their innovation and commercialization projects through conducting applied research. The government must continue to build on these improvements and satisfy and realize its objectives through the Reaching Higher plan.

On page 6: While we have made gains, we cannot rest on our laurels. We agree with the Premier when he says that today 62% of Ontario students have completed post-secondary education. That's one of the best rates anywhere. But we also know that 70% of all new jobs will demand post-secondary education, so we have a gap, and we have to reach higher yet.

The government has rightly set a goal of attaining 70% attainment throughout post-secondary education, but this commitment is in jeopardy without adequate funding for colleges. By 2020, 70% of jobs will require a post-secondary education. We also know that an estimated 40% of high school students—40%—don't go on to post-secondary education. We cannot let these people drift off into poverty. The Canadian Council on Learning said, "The highest labour market demand between now and 2015 will be for trades," which is a college program.

Colleges are challenged to increase access, to maintain high quality and to improve graduation rates without adequate funding for new enrolments. My college, in the past two years, has experienced a 51% increase in first-year enrolment, and we expect this trend to continue. Our challenge is that funding has not kept pace with the rate of enrolment increase. Colleges collectively throughout Ontario are requesting \$108 million to help address enrolment pressures and to provide quality job-ready programs.

Ontario's colleges—

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Fred Gibbons: Thank you.

Ontario's colleges recognize the fiscal challenges that the government faces, and we're doing our part to achieve savings. An example of what our college has done to achieve savings includes an investment in video conferencing technology, so we can deliver more programs intra-campus.

The government is to be commended for its investments through Reaching Higher. The challenge is that colleges' ability to provide quality and access are in jeopardy because the funding has not kept pace with the enrolment increases in Ontario's colleges. Ontario colleges are currently funded 10th out of 10 provinces across Canada. That's to say, in other words, we're the lowest-funded jurisdiction in Canada.

The Chair (Mr. Pat Hoy): Thank you for your presentation. The questioning will be from the official opposition. Mr. Miller?

Mr. Norm Miller: Thank you very much, Mr. Gibbons, for your presentation. I guess I'll start up where you left off, and that was to do with funding. Certainly, I'm a great believer in colleges, and you gave lots of reasons why they're doing good work in our province.

You were talking about funding, and you pointed out that Ontario is last in terms of funding for colleges. It's my perception that colleges are also funded, on a per student level, less than universities or primary or secondary education. Am I correct in that?

Mr. Fred Gibbons: That's correct. In fact, it's correct on both fronts: We're funded less through the base operating grant that we receive relative to universities and our tuitions are also regulated by the provincial government. College tuitions are less than half that of university.

Mr. Norm Miller: And you pointed out in your presentation that there's this great need for skilled labourers. I think you said at one point that there are going to be 1.3 million people who we're going to need to be skilled, and yet 700,000 unskilled people won't be able to get jobs.

Mr. Fred Gibbons: Won't be employed; that's correct.

Mr. Norm Miller: So, logic seems to me to be that colleges should be getting funded. Is there any logical reason why colleges are funded at a lesser level than primary, secondary or university?

Mr. Fred Gibbons: Sorry, sir. You'd have to dig into the annals of the Legislature to understand the logic there. I don't understand. I fail to see the logic. I can't explain it to you.

Mr. Norm Miller: For your college itself, you're doing a fair amount of literacy training?

Mr. Fred Gibbons: We are, and that's primarily, but not exclusively, focused upon the First Nations communities in our area.

Mr. Norm Miller: What would be the percentage of First Nation students you have?

Mr. Fred Gibbons: It's 18%.

Mr. Norm Miller: With the closure of Xstrata last year, where 700 people lost their jobs—what happened to those people who lost their jobs? Did they stay in the area, or did they look for training?

Mr. Fred Gibbons: Anecdotally, I would suggest to you that those who were licensed tradespeople, because of the growth within the mining sector generally, many of them had very transportable skills and found alternate employment. A significant portion of the labour force opted for early retirement. Then there was another group of people who had skill sets that didn't fit readily into the available job market, and part of the growth in our enrolment, assisted through the coincidental funding of the Second Career program, allowed many of those individuals to return to college to pick up new skills, to pursue a new vocation.

Mr. Norm Miller: In terms of traditional trade programs, do you offer many of those at your college?

Mr. Fred Gibbons: We have been approved by the provincial government to offer the electrical apprentice-

ship program, all three levels, and then recently, with the expansion of our centre of excellence for trades and technology, we were approved by the provincial government for three new apprenticeships: a carpentry apprenticeship program, which started Monday of last week, in fact; and a millwright and heavy-duty equipment apprenticeship program, which started in September.

Mr. Norm Miller: Do you actually place them in the apprenticeship, or is it up to the student to find a business or to find a place for themselves?

0920

Mr. Fred Gibbons: The apprenticeship system in Ontario currently requires people to be employed to be able to then register as an apprentice who then, working with the Ministry of Training, Colleges and Universities, is slotted into their mandatory theory programs at the colleges.

Mr. Norm Miller: I guess the point I was getting at is that Ontario has quite a restrictive apprenticeship ratio. I think for an electrician you have to have three journeymen to one apprentice, which I think is a limiting factor in terms of the number of apprentices who can get training. Does that affect you at your college at all?

Mr. Fred Gibbons: It absolutely does. It does not make apprenticeship training particularly attractive in northern Ontario, where you do not have large employers where you would have those types of ratios available. The reality is—in fact, I heard a story related to me this past fall. Although we don't offer plumbing, the example was plumbing. An apprentice plumber was working for a local plumbing company and one of the journey people retired. The ratio fell below what was prescribed and the apprentice was laid off.

Mr. Norm Miller: As a college, would you support—most of the other provinces have a one-to-one ratio. That would assist in getting more placements for electricians, in your case.

Mr. Fred Gibbons: We would support lower ratios and significant reforms to the apprenticeship act that the trades college is now examining.

Mr. Norm Miller: Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

TIMMINS AND DISTRICT HOSPITAL

The Chair (Mr. Pat Hoy): Now I call on the Timmins and District Hospital to come forward, please. You can be seated anywhere.

Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this case it will come from the NDP. I ask you to identify yourself for the purposes of our recording Hansard and then you can begin.

Mr. Roger Walker: Thank you, Mr. Chair. My name is Roger Walker. I'm the president and CEO of the Timmins and District Hospital. I very much appreciate the opportunity to make a presentation to you today.

This presentation will be visual, in the form of PowerPoint. We will be making a written submission that

will parallel this and add additional information, and that will be submitted by the deadline next week.

I very much, again, appreciate the opportunity to be here. The Timmins and District Hospital has been in existence for about 20 years; 23 years. The pre-existing organizations were St. Mary's General Hospital, located here in Timmins, and the Porcupine General Hospital, just to the east of us. A new building was constructed to house them, and for some 20 years we have been in that building.

I have to look up the regulations to know what level C means, but we are a level C referral hospital. Basically it means that we have a full range of hospital services and 24-hour emergency coverage. We have advanced diagnostics and treatment capacity and a broad set of specialty services. This hospital has 162 beds in operation at this point in time.

Our service area is the 105,000 people in the city of Timmins, the Cochrane district and adjoining areas of the Timiskaming, Sudbury and Algoma districts. We reach as far west as an overlapping area with the Thunder Bay Regional hospital jurisdiction and go east, actually, to the border; perhaps to some degree across the border, into Quebec. We cover the Hudson Bay and the James Bay coast and we go down into areas that overlap on the catchment areas or service areas of Sudbury, Sault Ste. Marie and North Bay. You'll see from the stars that are indicated on the map that there are five regional referral centres in northern Ontario. We are one of them, albeit the smallest of the five.

Our clear focus is on being patient-centred in what we do. We have roughly 1,250 to 1,300 people who work with us in the work that we do: 850-plus employees, 75 to 80 physicians and between 275 and 300 volunteers.

Our annual budget is \$90 million. The significant majority of that, of course, is derived from revenue from the province. Some \$69 million of that covers compensation and benefits for the staff. We spend about \$20 million a year on supply purchases. We currently have a \$10-million capital project, largely provincially funded, under way. We also spend approximately \$4 million a year on annual capital equipment replacement.

In terms of the activity that we have: a service population of 105,000; we actually touch about 140,000 to 150,000 people a year. On the average, everybody who lives in this area is at the hospital one to one and a half times a year. We make significant contributions to the area. We certainly are a health service leader and work actively with the LHIN, the CCAC and the three other larger hub hospitals in the area to make sure that the range of services available is appropriate and well delivered.

We make major contributions to the economy of the area and to the community. We also contribute significantly, because of the nature of our workforce, to both the social and the cultural fabric of this part of northern Ontario.

A few features that I wanted to point out before we get into some of the issues: We operate very economically.

The primary measure that's used in the province for determining the efficiency and the economy of hospitals is the hospital-based allocation methodology. You'll see from this table that in three of the five areas that we're measured on, we actually generate the results that we have at a significantly lower value, a lower cost per unit delivered, than other hospitals that we would compare with in the province. There are two of the five areas where we're higher, and in those two areas, there is a serious lack of community-based services, which then puts the responsibility on the hospital to provide those kinds of services that would not normally be added into the cost of delivering service.

We're very efficient, and I've picked one example. This area of the province, of course, has very significant issues with energy costs, heating in the wintertime in particular. I've got the electrical figures up here. We've engaged in an energy efficiency retrofit of our building. Even though it's only 20 years old, we felt we needed to update it significantly. The upper curve shows the volume of electricity that we have used typically, the red curve in the middle is the target we're aiming for, and the blue curve at the bottom shows what we've actually been able to deliver. We have received awards within the province for energy efficiency. This would be an example of the kinds of things that we try to do to be an efficient operation.

We also have been very effective. There are some real priorities in the province. One of them, obviously, is emergency department wait times. You'll see the base of somewhere between 50% and 60% of cases coming into our emergency department being delivered on a timely basis. The provincial standard is within eight hours for the type of case we're looking at here. We've been able to increase our throughput from 75% to 80% and are continuing to work on that.

We also, from a quality perspective, have been very productive. The standard in the province is a measurement of patient satisfaction using something called the NRC Picker scale. The methodology has shown in our most recent quarter that we increased patient satisfaction in seven of eight of the dimensions that are measured, and we exceed the average Ontario hospital score on all eight dimensions of patient care.

In terms of access, which is a very critical issue for Ontarians no matter where they live and doubly so because of some of the challenges of being in a northern setting here, we've been able to provide more service over the last three years continuously to people in communities away from Timmins. I think that's a significant issue in this area.

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We're also very productive in terms of some of our outcomes. Another thing that we hear about continuously is the alternate-level-of-care problem that faces most hospitals. The standard in the province is a 17% target. In our recent measures, we have all periods below 17%, with the exception of two. We have been able to trend downward. We are targeting a 10% level and hope that we'll be able to accomplish that.

We are the most productive hospital in this part of the province in terms of alternate level of care. While it's not shown on this graph, I also want to indicate that a year and a half ago, we were at 35% ALC occupancy in our hospital, so we've been able to reduce that substantially, to less than half.

In terms of priority programs, things such as hip and knee surgery, cataract surgery and, in this area, dialysis programs, we've been able to increase our throughput consistently over recent years and, as a consequence, are working on shortening our wait-lists. We have very long wait-lists in a couple of these areas, and there are some issues with funding and how that works, how funding and volume allocations are made. We're working collaboratively with the LHIN and other providers in the area to try to get a more equitable distribution.

Our key issues as we go forward that I wanted to just summarize for you here today are our challenges with chronic underfunding. Looking back, I've been here for just slightly over a year at this hospital, I've been in Ontario for 10 years and I have 30 years' experience working in hospitals in the country as a senior administrator. We have major challenges with being able to balance the needs and the demands of people with the ability of governments to finance and hospitals to deliver services effectively. I've tried to show that we have done a tremendous amount of work to deliver an efficient, economical and effective service, but we continue to find that we're behind the eight ball. Of course, over time, as with many of the hospitals in the province, that has generated a significant working capital issue for us. At this point in time, we're certainly more than \$10 million behind as an accumulated operating deficit.

The Chair (Mr. Pat Hoy): You have about a minute left in your presentation.

Mr. Roger Walker: Aging infrastructure: The HIRF program, which is being looked at right now, is very, very important to us. Our master plan calls for continued investment in the building. We have capital equipment issues. We also have issues that come from some of the programs that were set up that don't work the way they should. The reduction in ALC has taken revenue away from us and it has impacted our occupancy, which means that our cost per unit delivered is going up.

Critical mass issues and a number of issues that are very important: demographics in the area and the changes that we see; health human resources' impact us; and the northern factor is very important here as well.

Over the next five years, certainly, and beyond that, we're looking to enhance the patient-centred care that we deliver, strengthen our core and specialized programs, contribute on a continuing basis to best practices in health services in the province, embrace clinical and technological advances—we're well known for that throughout the province—and work to make sure that we continue an important role within the region.

Thank you very much for the opportunity of presenting to you this morning. If you have questions, I'd be happy to try to answer them.

The Chair (Mr. Pat Hoy): Thank you, and the questioning will come from the NDP. Mr. Tabuns.

Mr. Peter Tabuns: Mr. Walker, thanks very much for coming this morning and making that presentation. A few things came to mind as you were making your presentation. You were able to reduce the number of people in ALC beds.

Mr. Roger Walker: Yes.

Mr. Peter Tabuns: How did you do that?

Mr. Roger Walker: The primary things that we did were to rationalize the flow of patients through the hospital and work closely with community-based agencies, and laterally now with the CCAC, to make sure that there were more appropriate services and a broader scope of services available in the community.

I think that's a very critical piece of it. The hospitals obviously have to look, first of all in-house, at what they do, but beyond that, it becomes very important to make sure that there are support services for people in the community, that they're appropriate, that they're well-staffed and -resourced, and that they function on a collaborative basis. We've spent a lot of time doing that.

Mr. Peter Tabuns: You mentioned in your presentation that there is a shortfall in community-based services that limits your ability to move people out of ALC beds.

Mr. Roger Walker: Yes.

Mr. Peter Tabuns: Can you give us a sense of how deep that shortfall is? Is it that you have only half the services that are there that would allow you to deal with this problem? Can you quantify for us?

Mr. Roger Walker: I'd have difficulty putting a specific number on it, but let me give you a couple of specific examples which may help Mr. Tabuns in that regard. The CCAC, when we initially set out two years ago to deal aggressively with the ALC problem, had a number of case workers but did not have a lot of in-home support workers who could assist people with the activities of daily living and other things that they would need help with at home if they were to return to their homes.

The current strategy is a home-first strategy. It's being championed by the CCAC. Those resources are now coming into play. What we had to do was go and actually purchase those services from the Victorian Order of Nurses. Instead of paying the money to our staff to staff beds and keep people in the hospital, we paid staff in the community to look after people in their homes. That allowed us to put 15 to 20 people back into the community in much more appropriate settings than the hospital.

Mr. Peter Tabuns: The other thing that you mentioned was that as you've had people move out of the ALC beds, it has increased your costs because you aren't able to spread the overall cost of the hospital to as many beds. Did I understand you correctly?

Mr. Roger Walker: The short answer is yes.

Mr. Peter Tabuns: Oh, good. Sometimes that happens.

Mr. Roger Walker: It does happen.

The per diems that come with long-term-care patients—ALC patients—staying in a hospital disappear,

obviously, when they go back into their homes. We've lost in the order of a third of a million dollars of revenue, and in addition to that, no longer have the same age-band numbers that I'm showing you there. I've given you the most recent we have in the system, but I know that the next set that comes out will show that the cost of those remaining in hospital care is higher on a per-unit basis.

Mr. Peter Tabuns: That would make sense. They would be more complex, more difficult to place.

You talked about the ongoing underfunding, and you appear to have dealt with it by increasing your deficit. You're carrying a debt. Is that correct?

Mr. Roger Walker: Yes. We're working to decrease the deficit. We understand very clearly the requirement in the province to have a balanced budget, and we're working in that direction. I've been working very closely with the LHIN to try to do that.

The challenge we have is twofold: that if we reduce to a balanced situation at this point too quickly, it means that there are people who will go without very necessary services, and if we transfer the work to other agencies, presumably a portion of our budget would have to go with those patients for that care to be provided in the other setting, which just compounds the problem. It becomes a downward spiral in that setting.

The answer in my mind is that we need to continue to build capacity in the other agencies and in the communities in particular—supportive housing etc.—to be able to make sure that these programs work. At the appropriate time, we continue to, through that period, shift work into the community and onto other agencies. It will eventually—over a period of three to five years, I believe—put us in a balanced position.

We've been very aggressive. You saw that in the efficiency numbers in terms of looking at our staffing levels, looking at how we do things, the way we purchase etc. I think we've got some very good practices that have allowed us to reduce the deficit quite dramatically. For example, last year to this year, we've been able to go from a \$3-million deficit last year, which is the level we were at when I came, to a \$2-million deficit projection this year. We expect, despite some of the increases that are coming at us that will be unfunded, to be able to continue to keep that curve going down.

Last year, the buzzword was "bending the cost curve"; we've almost broken it here.

Mr. Peter Tabuns: Thank you. That was a very good presentation.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

The Chair (Mr. Pat Hoy): I'd ask the Registered Nurses' Association of Ontario to come forward, please. Good morning. Your presentation can be up to 10 minutes. There will be an opportunity for up to five minutes of questioning, from the government in this case. Just simply state your name before you begin.

Mr. David McNeil: Good morning, and thank you very much. My name is David McNeil and I am the president of the Registered Nurses' Association of Ontario. It's our pleasure to be here.

The Registered Nurses' Association of Ontario is a professional association for registered nurses who practise in all roles and sectors in the province of Ontario. Our mandate is to advocate for healthy public policy and the role of registered nurses in enhancing the health of Ontarians. We are gratified that the standing committee has come to northeastern Ontario, as we in the north face a unique set of health challenges.

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But first, I want to speak to you about health care in general. It's a big-ticket item; it occupies a growing share of the government's budget and it faces growing and changing demands. Registered nurses have fought for a not-for-profit, publicly funded health care system because we believe that access to health care is a basic right.

Studies conducted in jurisdictions throughout the world have shown that publicly funded and publicly delivered health care systems are more cost-effective and, at the end of the day, deliver a better quality of care. Nurses want to deliver service on the basis of need, not the ability to pay.

Registered nurses have a huge stake in the health care system. We are concerned about its financial sustainability and we want to make it work. We believe that the shifting focus has to be upstream, and this is a large part of our solution.

We need to put more resources in keeping people well. There are far too many people with avoidable chronic illnesses who are needlessly suffering and burdening the health care system. Some are dealt with through programs that address lifestyle, like smoking cessation programs, but the social and environmental factors must receive far more attention than they have so far.

Nurses know that social and environmental determinants have a direct impact on our health. We know the literature is clear on the link between health and social inequity, but nobody needs to tell us, because we see it in our practice every day: People without money have more health problems and they don't live as long.

The McGuinty government has shown leadership in creating a poverty reduction strategy. The modest increases in social assistance rates are a good start, but we require substantial action. That is why we are recommending the following:

Stay on track and increase the minimum wage to \$11 per hour from the current \$10.25 per hour in March 2011.

Act on the upcoming comprehensive review of Ontario's social assistance programs, to be led by Frances Lankin and Munir Sheikh. It is critical that the system be transformed from a punitive, complicated system of contradictory rules and regulations to a person- and family-centred system that treats everyone with dignity and enables people to have what they need to be healthy.

Immediately increase rates by \$100 per month for every adult as a healthy food supplement. This is a down

payment toward addressing the gap between the dangerously low social assistance rates and nutritional requirements.

Build on the long-term affordable housing strategy announced in November 2010 by investing in the safe, affordable housing that is so essential to good health.

Fully implement all of the recommendations on child care and early education in Charles Pascal's *With Our Best Future in Mind*.

Like most Ontarians, registered nurses are very concerned about global warming for environmental and health reasons. To this end, we urge: Close the coal-fired power plants ahead of the planned 2014 date. This is very feasible with current energy demand and supply. Set more aggressive targets and make investments to increase conservation, energy efficiency and green energy, and promptly implement the government's mass transit commitments.

We also urge the government to follow through on its commitments to reduce toxins in the environment. Ontario has made significant progress in reducing the cosmetic use of pesticides, and it's moving forward with toxin reductions and regulations.

Far too many Ontarians lack access to a primary care provider and these people either go without or end up in hospital emergency departments. We know this is a major issue in northern Ontario. Additionally, chronic underfunding of long-term care, and home and community care means we see people staying in expensive, inappropriate acute hospital settings when they would be better off living in their homes and their communities. But there is a significant lack of alternative capacity. It's time to provide adequate funding to support age-appropriate care in-home and community care, including services such as homemaking and professional services.

Most importantly, there needs to be an immediate capital investment in assisted living and supportive housing arrangements so older persons and those with chronic conditions can continue to remain active and vibrant members of our communities.

A very positive step forward is the approval of the promised 25 new nurse-practitioner-led clinics. Several are now open and accepting previously unattached patients. These clinics are modelled on a successful nurse-practitioner-led clinic in Sudbury, which opened its doors in the summer of 2007 and already provides access to 3,000 people who previously didn't have access to a primary care provider. We urge the government to open all remaining approved clinics this fiscal year.

An essential component of keeping people healthy and caring for them when they're ill is securing access to nursing services. There's clear evidence linking the care provided by registered nurses with better patient health outcomes in hospitals, long-term-care homes and the community at large. Full-time registered nurses are also associated with lower mortality rates, better care for patients and improved workplace morale.

Nurses in this province are proud of their education, skills and expertise, but nurses are growing weary under an increasing workload. The one statistic that best

illustrates the problems associated with nursing workload is the registered-nurse-to-population ratio. Ontario's registered nursing workforce is failing to keep pace with the province's growing and aging population. The latest figures tell us that there are 71 registered nurses for every 10,000 people in the province, which is down from 80 registered nurses in 1989. The government had made good initial progress on its commitment to hire 9,000 additional nurses—5,579 were added in the first two years of its mandate—but recent decisions to delay hiring nurses put at risk the target. Ontario is lagging behind in nurse-per-population ratios as compared to the national average; thus, even meeting the full 9,000 commitment will leave Ontario behind the rest of Canada.

There is good news in the increase in the share of registered nurses working full-time, from 50% in 1998 to 65.7% in 2000. That puts our goal of 70% of registered nurses working full-time within reach. However, nurses employed in community hospitals in rural Ontario and here in northern Ontario are less likely to have full-time employment than urban nurses employed in larger hospitals. It is common to find almost half the nursing hours in rural and northern hospitals worked by part-time nurses, many of whom are forced to hold more than two jobs. Nurses everywhere in the province want to see that we reach 67% full-time employment in 2011 and the full 70% by 2012.

Finally, we know the health status of northern Ontario residents is poorer than in the rest of the province on almost all health indicators. However, our First Nations people are particularly vulnerable, and this is a result of the profound impact of generations of colonization. Canada is signatory to the United Nations Declaration on the Rights of Indigenous Peoples. Self-determination of First Nations people is an important right recognized under the United Nations declaration. Investing in our First Nations communities and asking them how best they can use additional health care resources to improve their health status and their well-being is their right, and it is our obligation.

The Registered Nurses' Association of Ontario has long advocated for the government to build the fiscal capacity necessary to deliver services for a healthy and vibrant society. However, it also recognizes that there are times when governments must spend more than they take in to counter the effects of recession. Based on the advice of economists, Ontario ran a sizable but manageable deficit to help turn around the economy in the recent world financial crisis. History has shown that economies like Ontario's grow out of deficits in the recovery process, and already the deficit-to-GDP ratio is declining. The government must resist the temptation to slash spending in a counterproductive and premature attempt to reduce the deficit. Now is not the time. When so many people are still out of work, particularly here in northern Ontario where unemployment remains over 10% and where the economy is so dependent on the government to maintain demand, it is far better to make beneficial investments now and continue to build.

Thank you for giving us the opportunity to present the views of the Registered Nurses' Association of Ontario.

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The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government and Mr. Flynn.

Mr. Kevin Daniel Flynn: Thank you, David, for being here today and thank you to your membership for what you do here in northern Ontario and throughout the province.

What we've been hearing a lot of lately as a committee, and I think all of us have been hearing in our own communities, is the impact of mental health and addictions on the health care system. I know that when the select committee was touring the province we heard a lot from nurses and from the nursing profession. You haven't touched on it in your presentation today. I just wondered if there was anything you might want to expand on.

Mr. David McNeil: Sure. We know that access to mental health affects many people in the province of Ontario and access to mental health services is particularly challenging. When we look at it here within the northern Ontario context, I can tell you that there is even a subpopulation where mental health access is very difficult, and that's with children. We know that throughout the province access to mental health services for children remains a significant challenge. I think the statistic is that one in five children with a mental health problem goes diagnosed only. And of the one in five children who actually ends up with a diagnosis of a mental health problem, only one in five of those actually gets the treatment and care they need.

For patients, particularly as the population ages and the demands on the mental health system grow, it is an area of investment, again, that is linked to a substantive need within the system.

Mr. Kevin Daniel Flynn: Thank you, David.

One brief question and then I'm going to pass it on to my colleague, Ms. Albanese. You mentioned that full-time opportunities in the nursing profession seem to be scarcer in the north than they are in the south. Could you expand on that?

Mr. David McNeil: Yes. When we've seen the application of the new graduate promise within northern Ontario and small community hospitals, there seems to be a reluctance for organizations, particularly small organizations, to invest in that initiative. Smaller organizations also face the challenge of the risk of overstaffing, so what they do is they do it the other way: they understaff. Understaffing, of course, leads to significant challenges.

There has to be the courage and the commitment to move forward and to say that even in small organizations, where there are diseconomies of scale, particularly in the north where you're dealing with small institutions. There needs to be the push forward to say that we recognize those diseconomies.

We also recognize the commitment to full-time nurses and what that does for patient care in particular. The outcome literature is clear internationally on the impact

and it's just a decision that we have to make in recognizing those particular challenges.

Mrs. Laura Albanese: I too wanted to ask a question. In regard to the community-based services that are available, I know that all throughout the province we have more new nurse-practitioner-led clinics. In Toronto, for example—that's the area I represent—we also have community health centres that are making a difference. Would those play an important role here in the north? Do you see them playing a bigger role in the future?

Mr. David McNeil: Throughout the province, nurse-practitioner-led clinics, community health centres, group practice settings are really going to be essential for the health system to move forward in an interdisciplinary way. That's particularly in the north, where we face significant human health resource challenges. So yes, they would play a significant role as we move this forward.

Mrs. Laura Albanese: Thank you for all the work that you do. I want to say that the nursing profession is really to be commended for all that you do throughout the province.

You mentioned the increased workload. Do you have any suggestions on ratios that should be met? What's your suggestion in that regard?

Mr. David McNeil: When you start to look at nursing ratios, that's a complex undertaking. It's a complex undertaking because there are very different types of nursing that are provided. So it's a way that we can manage it.

Nursing workload is driven by policy, in particular around—we've seen efficiency targets. Efficiency targets drive the profession down to the bottom line, and there's a constant benchmarking process that occurs within our profession. Unfortunately, because of the fiscal climate, it says, "You need to move and get the unit price to the lowest cost." That drives some of the workload.

Overcrowding, as was mentioned in our previous presentation, within the hospital sector in particular throughout the province, where we have hallway nursing and significant in-patient demands within emergency departments, also drives the nursing workload.

So it's a complex undertaking, but those are the policy directions that drive, unfortunately, front-line nurses' workload. We need to be able to provide the appropriate hours of care, and there are many models, depending on the sector, around what's appropriate.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

TIMMINS CHAMBER OF COMMERCE

The Chair (Mr. Pat Hoy): Now I'd ask the Timmins Chamber of Commerce to come forward, please. Good morning. In this round, the questioning will come from the official opposition. You have 10 minutes for your presentation. If you'd just state your name before you begin for our recording Hansard?

Mr. Gary Marriott: Sure. Gary Marriott, Timmins Chamber of Commerce president.

I'd like to welcome each of you to Timmins and express our appreciation to the standing committee for holding a public input session in Timmins. We welcome the opportunity to provide input into the budget-setting process.

It is my intent to provide you with the northeastern Ontario perspective by sharing some of the economic challenges, some unique and some not so unique, facing the business community in our region.

As of today, the Timmins Chamber of Commerce represents more than 810 business members from Timmins. Our organization has been around since 1949, and we take our role as the voice of business very seriously.

Today, I'm going to speak about key areas we as the chamber are concerned about and are calling on Ontario's government to take action and a leadership position on by addressing, in order to help northeastern Ontario promote northern development.

Energy as an economic development tool: According to the Canadian Chamber of Commerce, access to affordable, reliable energy is Canada's most important competitive edge in the global economy. I ask you to consider if the same statement can currently be applied to the province of Ontario, and I'm afraid the answer is no. Energy costs are quickly becoming inhibitive to doing business in Ontario.

Here in Timmins, we were once home to Ontario's largest single-site electricity consumer: the Xstrata metallurgical site. In the years leading up to its closure, they often cited energy costs as one of their greatest challenges to doing business in Ontario. The ore that comes out of the ground in Timmins is now being processed in a province with significantly lower energy costs.

According to two April 2010 reports from Hydro Quebec and Manitoba Hydro respectively, a large power user in Toronto will pay an average of almost two times more for the exact same power as a business in Winnipeg, Manitoba, and 1.6 times more than a business in Montreal, Quebec. Those rates are even higher when you look at other small communities in northern Ontario, and the comparison charts are included.

With Ontario energy rates forecast to increase in the coming years, the pressure on large power consumers is increasingly tremendous, and our neighbouring provinces are looking more and more attractive to businesses that generate economic activity within our province. We are all feeling the results of the expensive power in Ontario. Until this is addressed in a very serious way, Ontario will continue to lose manufacturing and refining operations and potentially set itself up to miss out on some lucrative opportunities, including some of those that will result from the Ring of Fire.

An energy strategy must be developed to implement and ensure northern Ontario's competitiveness by creating a more sustainable environment for industry and overall community development. Short-term subsidies are good, but will not solve the issue entirely. The northern industrial electricity program was welcomed in last year's budget; however, we believe that more can be

done in order to retain manufacturing and refining operations in Ontario.

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Far North development and the Ring of Fire: Development in the Far North will be dependent upon a number of factors. As I mentioned, making Ontario competitive in pricing for electricity and other resources will be key to the Ring of Fire development. If we are serious as a province about wanting chromite and other Ring of Fire minerals refined in Ontario, we need to get serious about making energy affordable for business.

Connectivities will also play a very big role in the development of the Far North. To that extent, we encourage the government to invest in the economic development tool that already exists: the Ontario Northland Transportation Commission. There has been a lot of talk about the rail and what it can do to connect our communities and our First Nations, while creating jobs and investing in much-needed infrastructure to facilitate economic growth in the near future in the Far North. Infrastructure investment in rail and roads in the north and Far North would undoubtedly have tangible economic and socio-economic benefits for Ontario to enjoy.

Land use planning: With respect to land use planning in the Far North, we recognize that this is a sensitive issue for many of our First Nation neighbours. We also recognize and respect that much of the development in the Far North will be driven by First Nation communities. We support land use planning that is occurring with the First Nations, welcome the process and encourage the government to provide significant resources to such processes.

We can see from the demographic trends that First Nation populations are increasing. Today, First Nations represent almost 13% of northern Ontario's population. Many businesses are facing workforce challenges. We believe that public investment in infrastructure in northern Ontario—roads, rail, access to Internet and education opportunities—is vital to ensuring that this segment of the population is able to participate in Ontario's workforce.

Alignment of provincial and federal economic assessment processes: Businesses are still subject to duplicate requirements under federal and provincial environmental assessments. We understand that the Ring of Fire coordinator position was created with the intent to provide assistance to the mining companies navigating the legislative requirements necessary under the current regulation. While this will indeed help development to proceed in that region, it highlights the present issues of duplicate requirements and the red tape burden that businesses face. We encourage the provincial government to work with the federal government to harmonize the provincial and federal environmental assessment process to eliminate duplication and encourage economic development in our region without the needless delays.

How the government develops regulation: New regulations invoked by the Ontario government can be unnecessarily costly and place many businesses in jeopardy of survival. Further, some regulations imposed are

precautionary rather than science- and evidence-based. The cost of implementing and enforcing the resulting regulations can often outweigh the intended benefits. As a result, unnecessary financial and physical burden is placed on businesses, as well as on the public to address problems that may not even exist. Discussion with industry and use of science-based cost-benefit analysis in developing regulations can minimize the unnecessary costs to both businesses and government. We strongly encourage the province to continue to work towards fully evaluating the impacts of new regulations on all businesses and industries in all the areas of the province before putting them in place.

The Mining Act: Mining is a mainstay of our northern economy. Consider these figures from the Ministry of Northern Development, Mines and Forestry website—they are from 2006; however, the most recent are not available: In 2006, mining in northern Ontario produced approximately \$7 billion worth of minerals; mining in northern Ontario employs approximately 14,000 people; mining exploration activities employ approximately 1,800 people; northern Ontario is home to all of Ontario's 28 mines and an estimated 400 mining service and supply companies. The importance of the mining industry in the economy of northern Ontario cannot be overstated.

At this point in time, we are concerned that the implementation of the mining regulations, while well intended, will impede the ability of junior exploration companies to operate in Ontario. Many of these independent operations will lack the resources and manpower necessary to comply with all of the regulations and requirements of the Mining Act.

Continued reinvestment in northern Ontario through the heritage fund: This is vital assistance from the government that enables government revenues to return to the north to support the growth of the economy. We applaud the government's establishment of the new northern Ontario entrepreneur program and accelerated business education tax rate cuts for northern businesses which resulted in savings totalling more than \$17 million. We support the continued investment of existing and new NOHFC programs to help northern Ontario innovation and economic development.

Northern Ontario has a unique economy prone to boom and bust cycles. Our economy largely depends on non-renewable natural resources. As a chamber, we advocate the government policies whose impacts are thoroughly evaluated before they're set in place: for a competitive, affordable energy strategy, not one that will prevent further investment in our province; and for government investment in factors that are critical to our region's future, including transportation, infrastructure, education, innovation and First Nations development.

On behalf of the Timmins Chamber of Commerce, I would like to thank you for giving me the opportunity to present our perspective and look forward to further tools launched in our next budget to support unique business opportunities in northern Ontario.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Mr. Hillier.

Mr. Randy Hillier: Thank you very much, Gary, for that wonderful presentation. It's great to see you putting out with clarity what the challenges and the difficulties are facing industry and therefore facing prosperity and jobs in northern Ontario. There's a lot of subject matter in there. I think I'd like to focus in on maybe a couple of aspects.

The first would be on the energy side. The graphs that you've got really show that as you use more energy, your uncompetitiveness becomes exacerbated under the system we have. It was interesting: This past summer, I met with a number of state and provincial legislators in Toronto at a conference. The VP for Ontario Hydro was there, and in the discussion about the Green Energy Act and how we're doing things, he made the comment that we've made a conscious decision in Ontario that if your business requires power, Ontario is not the place to set up business.

I'm just wondering, have you had that sort of message? I don't remember having that discussion in the Legislature. I'm wondering if that's been communicated in any way to the chamber here and the mining companies that you deal with.

Mr. Gary Marriott: I don't really recall that the message has been communicated that way, but I would certainly hate to think that that is the message. If we think about the Far North and the Ring of Fire and all the talk that's going on about the Ring of Fire, dedicating the position to the Ring of Fire, if that ore is to stay in Ontario, and if Ontario is going to gain from the benefits of producing that ore, it's going to take 740 megawatts of power to have a chromite facility. When Xstrata was here, their energy requirements were about 130 megawatts of energy. At that time, they were the single largest in Ontario.

If we want that facility and all the benefits from the Ring of Fire to remain in Ontario, then we're going to have to have energy costs that are going to allow them to do business. Otherwise, they're going to go looking.

Mr. Randy Hillier: Absolutely. That's clearly the way we've set it up. If we are to see any real value, any long-term added value out of the Ring of Fire, we're going to have to have a complete 180-degree shift on our energy policy, or else we're not even going to let—there won't be future Xstratas because they just won't set up here in the first place. They'll be shipped out.

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Mr. Gary Marriott: The thing I don't understand, Mr. Hillier, is that we just had four dams do expansions here in northern Ontario. Those dams produce energy at a rate of about three cents per megawatt. There is now expansion taking place further in northern Ontario of an additional four dams. They're a great source of energy.

Mr. Randy Hillier: They're the cleanest and greenest energy I've ever seen, and also the cheapest.

Also, to just keep on the mining, though: We know that in 2001, when actually Tim Hudak was minister of

mines, Ontario was the number one jurisdiction in the world for mining investment. I believe in 2007 we slipped to 15th. I heard last night from some of the prospectors and developers here that they believe, in the most current numbers, we'll be down to 27th, with places like the Congo and Tanzania being more desirable than Ontario for investment in mining.

We know that energy has an impact on that, but what other things are you seeing that are diminishing Ontario's position in mining—things like the Far North Act, the regulatory burdens? You mentioned a number of those. I think that was very clear, that we have more social-based regulations than science-based regulations these days.

Mr. Gary Marriott: Certainly, permitting between the provincial and federal governments—if those policies don't become aligned and less complicated, then the mines are going to look at places where it's easier to set up.

Mr. Randy Hillier: It was interesting: During the stimulus spending, if you recall, the Ontario government and the federal government agreed to harmonize all the environmental assessment processes in order to get government projects under way, but we have not seen any impetus or any motivation at all to harmonize those regulations for our mining, our forestry or any other businesses.

Mr. Gary Marriott: Our concern definitely is—we strongly believe in making sure that all the environmental due diligence is done, but to have it as a duplicate process just extends the amount of time that it takes these companies to get set up.

Mr. Randy Hillier: We understand that it's about 10 or 15 years to get through the process, and that's 10 or 15 years where we're preventing people from actually working.

Mr. Gary Marriott: Exactly.

The Chair (Mr. Pat Hoy): Thank you for your submission.

EACOM TIMBER CORP.

The Chair (Mr. Pat Hoy): I would call on Eacom Timber to come forward, please. Good morning.

Mr. Brian Nicks: Good morning.

The Chair (Mr. Pat Hoy): The questioning in this round will come from the NDP and Mr. Tabuns. You have 10 minutes for your presentation. And if you would just state your name for our recording Hansard before you begin.

Mr. Brian Nicks: Sure. My name is Brian Nicks. I'm the director of forestry with Eacom Timber.

Mr. Chair and members of the standing committee, thank you once again for holding pre-budget consultations here in northeastern Ontario and for granting me the opportunity to address your committee.

As I've said, my name is Brian Nicks. I am Eacom Timber Corporation's director of forestry for Ontario. I'm based in the Sudbury area. I also serve as the current chairman of the board of the Ontario Forest Industries Association. In these capacities, I would like to describe

the current economic challenges facing our company and the larger forest industry and also the future opportunities that Ontario can assist us in capitalizing upon through sound public policy.

By way of introduction, Eacom Timber Corp. is a publicly traded manufacturer of softwood lumber and engineered wood products that acquired the forest products division of Domtar Inc. in June 2010. As such, Eacom has interests in six Ontario solid wood mills, five of which are in full operation, including a random-length sawmill right here in Timmins.

Although originally based in British Columbia, Eacom has decided to invest in Ontario for one simple reason: the potential for a strong and sustained recovery of Ontario's softwood lumber industry, relative to western Canada, for example. This faith is, in turn, rooted in two undeniable trends: the rapid decline in volume and quality of BC interior pine timber due to the massive mountain pine beetle epidemic; and the emergence of wood as an environmentally friendly and structurally sound building material in North America, Europe and the Middle East. Adding to future opportunities for Ontario lumber producers is the rapidly growing demand from China for lumber from BC that is diverting increasing amounts of western lumber away from traditional Ontario markets in the US.

Another positive development that occurred just last Friday is the London Court of International Arbitration's decision with respect to US-alleged subsidization of Ontario's softwood lumber industry by the Ontario government. Rather than the 20% additional export tax originally sought by the US, the LCIA panel will require only a 0.1% additional export tax on Ontario softwood lumber shipped to the US. So while Ontario producers will continue to pay up to a 15% export tax until August of this year, rates immediately after will be one third or less of that.

Despite the increasingly positive outlook for the future, however, a recovery will take time. As many of you know, much of Ontario's lumber industry has been decimated by the 2008 collapse of the US housing market, a 15% export tax under the softwood lumber agreement, a high Canadian dollar and, in some cases, excessive debt. As an illustration, Ontario's softwood lumber exports to the US are currently running at about 20% of the levels reached in 2006, which was the peak of the US housing market and the beginning of softwood lumber agreement quotas and export taxes. US housing starts remains stubbornly low at about 600,000 per year, less than 30% of the 2.4-million peak that was reached in 2006. Tight mortgage credit remains the norm in the US. Mortgage delinquencies and foreclosures continue while unemployment is expected to remain at or above 10% in 2011. As a result, the long-awaited housing market recovery will not gain significant traction until 2012, when up to one million total housing starts are forecast.

What are we to conclude about the future of Ontario's softwood lumber industry from all of these facts and figures? First, we can and should believe in the strong potential of Ontario to become a leading softwood-lum-

ber-producing jurisdiction in North America. Our forests are vast, sustainably managed, independently third party certified, and strategically located next to northeast US and, of course, southern Ontario markets.

Second, we should conclude that investment interest, under the conditions of secure and affordable wood supply, sensible public policy and reasonable input cost, does exist. Forest industry capital is increasingly mobile and gravitates towards politically stable jurisdictions offering favourable returns and minimal risks. Ontario can make even further progress in this regard.

Third, we should be aware that the Ontario softwood lumber sector, while emerging from intensive care, very much remains in the recovery room. The average selling price of two-by-four lumber in 2010 US dollars is only slightly more than half of the peak level last reached in 1994. With our production costs paid for in strong Canadian dollars and our exported goods paid back in weaker US dollars, our 30% currency premium has long disappeared. Fuel, energy and insurance costs continue their upward spirals, affecting service providers to the softwood sector as much as the sector itself. Many challenges remain.

What can the Ontario government do to assist its still-vital softwood lumber industry in its convalescence through 2011? There are in fact many things, some of which you heard yesterday in Thunder Bay from Jamie Lim, president of the OFIA. Let me confirm a few of those policy measures in the context of the softwood lumber sector.

First and foremost, and in the interest of short-term survival, our sector continues to require government's help in controlling its wood costs. To a typical softwood lumber mill, raw logs represent nearly two thirds of total input costs. Since over 90% of such supply originates on crown land, the Ontario government can continue to play a helpful role here by maintaining the \$75-million-per-year Ontario forest access roads construction and maintenance program, in existence since 2005. The sudden rise of up to 10% in delivered-wood costs that would occur without such a program can be prevented. Just last Friday, the LCIA determined that this road-cost reimbursement program is indeed consistent with the 2006 softwood lumber agreement and confers no injury upon US softwood lumber producers, so again, we respectfully ask for its extension on a long-term basis.

A second beneficial cost measure that the Ontario government could approve is the extension of industrial electricity rates and programs enjoyed by larger consumers to the smaller mills operated by the lumber sector. In the short term, the global adjustment allocation and northern industrial electricity rate program thresholds, if reduced, could capture many of Ontario's most vulnerable facilities. In the longer term, special electricity rates, which would often naturally occur in the hydraulic power generation zones of northern Ontario, would provide real incentives for further investment, as they do in New York state.

Thirdly, we need secure long-term access to predictable and affordable supplies of crown timber. Such

access provides a compelling incentive for boards of directors to invest scarce capital in Ontario. In this regard, the Ontario government can materially assist through two critically important steps.

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The first is the timely completion of the wood supply competitive process, aimed at reallocating up to 7 million cubic metres per year of merchantable but unused fibre. This is absolutely key to filling future gaps in wood supplies to viable operating mills, as well as attracting new investment. In reaching these wood allocation decisions, we believe that the needs of established operating mills that have developed the internal cost controls necessary to survive this great recession deserve first consideration. In the words of the Roman poet Virgil, "Trust one who has gone through it."

The second important wood supply step will be to follow through on the modified forest tenure reforms announced on January 13 by Minister Gravelle in Thunder Bay, and in particular the development of enhanced cooperative sustainable forest licences that honour both existing crown wood commitments and those that will arise from the wood supply competitive process over the coming weeks.

Finally, we join with the rest of Ontario's forest industry in reminding the current government of its 2007 commitment to recognize the Crown Forest Sustainability Act and its associated forest management plans in providing for the needs of species at risk in Ontario crown forests. An associated exemption from the Endangered Species Act is both legally possible and practically justifiable.

As an example, protective measures within approved forest management plans covering the forest-dwelling woodland caribou range in northwestern Ontario already remove about 30% of the total annual softwood allowable cut from industrial use. These approaches have been determined by MNR biologists to be effective, as evidenced by the persistence of caribou within forests managed under these guidelines since 1994.

In summary, Eacom Timber Corp. is both pleased and proud to be operating in the province of Ontario. Our executive team and our investors see great business potential for softwood lumber production here over the long term. To realize that future potential, however, we require the active collaboration and support of an Ontario government fully attuned to our own imperatives of secure long-term wood supply, affordable delivered fibre, competitive power rates and a predictable forest policy environment. We hope that we can count on the government's support for our company's efforts to restore a portion of Ontario's softwood lumber industry and associated communities to the health and prosperity that can and should be theirs.

Thank you for this opportunity today, and best wishes for productive consultations and safe travels.

The Chair (Mr. Pat Hoy): Thank you. Now we'll hear from Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Mr. Nicks, thank you very much for coming in this morning and making this presentation.

Who are your biggest competitors? Which jurisdictions are we competing with, now that BC is facing the profound problems that you've outlined in your presentation?

Mr. Brian Nicks: Thank you for the question. BC remains a significant competitor. While their allowable harvest levels are declining, they are still producing at relatively high rates and still capturing a reasonable percentage of the US market. Alberta, increasingly, as well, as they utilize more of their forest in advance of mountain pine beetle infestation. So within Canada, the West is still a substantial competitor.

In the southern US market, there is significant lumber production—there always has been—in the southeastern US states. That remains a substantial competitor.

Europe is having difficulties producing lumber at the moment because of tariffs on Russian logs. The volume that is exported to European sawmills is going down because of those tariffs, so at the moment there is less of a threat. However, if Russia ever develops its infrastructure and sends more encouraging political signals in terms of stability to investors, they will become a force to be reckoned with, because they hold the single largest softwood forest in the world. A bit of an outlook there. But I'd say, for the moment, beginning in the next two years and probably extending for five years after that, Ontario will be very well placed to compete.

Mr. Peter Tabuns: You didn't mention Quebec. Are they a substantial competitor of ours?

Mr. Brian Nicks: Yes. Their lumber production remains above our own. Their forests are larger, their quota allocation into the US market is larger than Ontario's by approximately 50% and they are utilizing more of their quota. So they remain, in fact, a significant competitor.

Of course, in the case of Eacom, we own mills in Quebec; fewer than we do in Ontario. I must admit Quebec has its challenges as well: maybe not so much on electricity rates, but in wood supply, where there have been substantial reductions in the allowable cut. Ontario has not endured those because we have been operating at a more sustainable level, quite frankly, over the last period of years.

Mr. Peter Tabuns: Just going back to British Columbia and Alberta, what is it that they do that gives them a competitive edge in dealing with the world market—and I guess more particularly, the American market? Because that's where the bulk of our production goes.

Mr. Brian Nicks: Great question. What they have done, in the interior of BC in particular, is to scale up the size of their mills. Canfor, for example, has, I think, three mills that are about three times larger than our typical Ontario mill, so they have been able to gain economies of scale through three-shift operations and the like.

However, it's also the case, and the recent US filing to the London Court of International Arbitration would suggest, that they have had significant benefit from grade 4 logs' stumpage price: 25 cents a cubic metre, which is in contrast to Ontario at about \$9 a cubic metre. The allegation from the US is that that confers a subsidy upon

the BC interior producers. I'll take no position on that. The London Court of International Arbitration will decide and award BC or the US, as the case may be.

Scale is really what BC has achieved.

Mr. Peter Tabuns: Okay. Do you see the potential for us to sell into the Chinese market in the future, or will America continue to be our primary market?

Mr. Brian Nicks: Excellent question. We are somewhat at a disadvantage in Ontario with respect to the Chinese market because of the freight costs to get from Ontario to a Vancouver port. We are in a somewhat better position to ship to Europe—the UK, as our company is doing—and perhaps the Middle East through Montreal, for example. But the US is our natural market, and unfortunately, it's the auto states of Ohio and Michigan that have really taken it during this recession.

So we are shipping farther afield. I think Ontario has to go a little deeper to the south, a little more towards the eastern seaboard. But there's no doubt that the Toronto market, the GTA—it's absolutely critical that we grow Ontario's wood market. We're taking some measures there to do that and to develop the northeast US market. It is our natural market, and Europe is the key area.

Mr. Peter Tabuns: We had testimony yesterday that, in fact, a very significant proportion of the construction lumber used in the GTA doesn't come from Ontario. Why?

Mr. Brian Nicks: Again, it has been in the past because of the efficiency of BC mills: their ability to produce at a lower cost, to absorb the freight differential and still ship profitably into the Ontario market. But that is waning now, and the opportunity is rising for Ontario producers to capture more of the Ontario market. I think with the right domestic provincial policy to encourage consumption, whether it's six-storey buildings or just consumer awareness about the quality and sustainability of Ontario lumber—we have a good-news story to tell, and I think that the consumer should be aware of that.

Mr. Peter Tabuns: Thank you very much.

The Chair (Mr. Pat Hoy): And thank you for the presentation.

CANADIAN RED CROSS, TIMMINS BRANCH

The Chair (Mr. Pat Hoy): For the committee, I understand our next presenter has cancelled, but I understand that the Canadian Red Cross, Timmins branch, is present. If you'd come forward, please?

Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning coming from the government this round. I'd ask you to identify yourself for our recording Hansard, and then you can begin.

Ms. Carolyn Hendry: Thank you. Good morning. I'm Carolyn Hendry. I am the manager of community health services for both the Timmins branch and the North Bay branch of the Canadian Red Cross. I am speaking this morning about the Timmins branch.

I'd like to thank you for the opportunity to appear before the standing committee and to be part of its preparations for pre-budget for 2011. I'd like to provide the perspective of a not-for-profit home and community health sector and the Canadian Red Cross, Timmins branch, in the district of Cochrane and the James Bay region.

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The Red Cross is a member of the Ontario Community Support Association, a network of agencies providing home and community care to 750,000 Ontarians each year. For those of you not as familiar with the Canadian Red Cross, allow me to tell you a little bit about us. Our branch is here in Timmins, with satellite offices in Iroquois Falls, Cochrane, Kapuskasing and Hearst. We provide community health services and community support services throughout the district.

Some of the services that we provide include personal support and homemaking, transportation, Meals on Wheels, supportive housing and adult day programs. In addition to that, we do provide telephone assurance; diner's club; friendly visiting; student nourishment; abuse and bullying prevention, called RespectED; the Winter Warmth program; disaster and safety services; injury prevention, including standard first aid and CPR; On Board, which is for boating licences; and water and ice safety.

Locally, our organization has 20 staff, 140 community support workers and about 300 volunteers. We provide service to nearly 1,000 clients on behalf of the North East Community Care Access Centre and the local health integration network, as well as local social service boards and through donations.

We're very conscious of the government's health care objectives to contain spending, reduce hospital wait times and create a culture of health prevention and better disease management. A progressive, modern health care system keeps people healthy and connected in their homes and communities, not sick and alone at institutions. We believe home and community support works because it offers local, flexible solutions.

The key message that I would like to share with you today is this: Keeping people living independently in the community and out of hospital is a more cost-effective means of health delivery than institutional care. Investing in home and community care frees up hospital beds and reduces alternate-level-of-care rates. There are also decreases in long-term-care home placements and long-stay hospitalizations, both at lower cost to the health care system. It is our position, then, that modest, targeted funding for community-based health services in the 2011 budget is a justified long-term investment.

Some specific strategic investments that could be made to enhance our capacity to provide more service to more people, thus helping to reduce hospital admissions or readmissions, include the following: serving high-needs seniors by providing expanded services, to move into evenings and weekends; supporting family caregivers by investing in adult day programs and respite care; and funding to increase services for people with

physical disabilities to address the long wait-list for these services and to keep people out of ALC beds, rehab hospitals and long-term-care homes.

An ongoing challenge for the Red Cross and many other community organizations is the current health human resource shortage. Wage disparity between the community and acute or long-term-care sectors and travel within the community have contributed to our recruitment and retention issues. The Canadian Red Cross delivers PSW diploma programs in the Timmins branch, and we continue with ongoing recruitment and retention of qualified workers. We find this very challenging.

There also continue to be, in the absence of standardized training and accreditation processes, concerns for the quality of the training provided to personal support workers, undermining the confidence of employers and the general public. We therefore recommend appropriate resources to support the development and monitoring of training criteria. I want to emphasize that the Canadian Red Cross is an accredited agency, and we do value the importance of quality and risk management.

Community Health Ontario has an innovative proposal for a community health and social services infrastructure fund which would see the creation of community hubs to improve the quality and accessibility of community-based services provided to Ontarians. The Canadian Red Cross is well positioned to be an active team member for community health and support services in hub locations across Ontario.

I would refer you to a few papers that are part of the reference package. They include the Home and Community Support 1% Solution, Increasing Access to Home Help and Homemaking Services, Unleashing Attendant Services for People with Physical Disabilities, and Hub Holistic Care.

Finally, I would like to tell you a little about the challenges we face locally. Our geography is large, and it depends on the ability to deliver our services both economically and efficiently. We continue to lack human resources, especially regulated and unregulated staff. Communication is also a difficulty. With our satellite offices and district fieldworkers, we depend on telephone and a lot of travel for face-to-face contact. The cost to do our work is often greater because of the distances involved. With even a small increase in funds, our organization could develop and deliver increased direct services to the increasingly aging and frail populations in the Cochrane district and James Bay coast.

In closing, we encourage MPPs to think strategically; invest in home and community services. Doing that now will save the government money in the near future, and it will improve the health of Ontarians.

Thank you for your attention today, and I'd be pleased to answer any questions that you may have.

The Acting Chair (Mr. Kevin Daniel Flynn): Thank you, Ms. Hendry. The questioning time goes to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Carolyn, for being here this morning—

Ms. Carolyn Hendry: You're quite welcome.

Ms. Leeanna Pendergast: —and thank you for the work that you do on behalf of the Canadian Red Cross, Timmins branch. This is the first we've heard from the Red Cross, so it's wonderful that you're here this morning.

What an amazing list you gave of the services that you provide in the community. It's overwhelming. I mean, I only caught Meals on Wheels and the anti-bullying because that's what I'm involved in in my community of Kitchener—Conestoga in the Southwest. But what a great effect you have on our communities. Thank you for that.

You had some really interesting comments about the alternative levels of care and moving people out of hospital. We heard just this morning from the hospital saying that that is a great thing. The hospitals support that and support the government's investment in alternative levels of care, but at the same time, it's a financial strain on the hospital. Of course, that's why the McGuinty government is so committed to this fine balance.

It's an interesting dialogue. Do you have any comments about the perspective of the hospital saying, "Well, it's tough for us now, although we're fine with it and we'll work together," and yet the alternative level of care that is moving patients out of hospital? Do you have any comments on that fine balance and its ongoing struggle?

Ms. Carolyn Hendry: It is definitely a fine balance. I have worked in both long-term care and in acute care and in the community as a registered nurse and as a manager, and I know that there are a lot of factors that come into play in terms of someone maintaining their home, not being admitted and also going home and not returning. I know it's a very difficult issue to try to address. I know the home-first strategy, of course—that whole initiative was designed to try to ensure that the care would be in the right place with the right people. We certainly have met with the Timmins and District Hospital and the North East CCAC around this particular initiative and are very committed to assisting as we can to hopefully help people remain in their homes. Again, it's always a fine balance.

Where we find the cut-off really is when people do require service that is overnight, on weekends, and that seems to be the biggest issue that probably contributes to them not returning to their own homes. Again, we have a population in northeast Ontario with many risk factors for chronic disease, and certainly some of the issues have to be addressed from the prevention end as well as looking at the appropriate area to treat and to support.

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Ms. Leeanna Pendergast: That's an excellent perspective. Thank you. Do you mind if I make one or two more little points? You looked like you were getting up.

Ms. Carolyn Hendry: That's all right.

Ms. Leeanna Pendergast: You're supporting families and caregivers for respite care. We've heard that consistently. I'm really interested in the training criteria and the idea of more support for development and training. How does that look for the Canadian Red Cross? We've heard it from colleges and post-secondary institutions. Is

that something you do in partnership with them, or is this something that would be isolated to the Red Cross?

Ms. Carolyn Hendry: Again, the Canadian Red Cross has a working relationship with triOS College, so that is where the diplomas come from. However, we do depend very much on the local colleges and universities as well. I'm on the advisory board for Northern College.

Also, we want to ensure that we have the right people in place when we need them—and often, it's a waiting period—so that we do deliver. Just this last winter, we delivered two programs that would bridge from what is called a "personal attendant plus 2" module to the full PSW. We did this out of the Timmins branch, and it included some workers from the Kapuskasing area as well. We are currently working in conjunction with the North East CCAC to look at hopefully being able to deliver another program. In addition to that, in the North Bay branch, we just did an initial PA plus 2, which is to get people to have the basic criteria to be working in the community.

These are college-accredited. Definitely, when colleges and universities can deliver programs, then we don't have to. But we certainly are very much committed to ongoing education and training.

Ms. Leeanna Pendergast: So that funding stream, whichever way it goes—

Ms. Carolyn Hendry: Primarily through the Ministry of Health and Long-Term Care.

Ms. Leeanna Pendergast: Excellent. Thank you.

How much time, Chair?

The Acting Chair (Mr. Kevin Daniel Flynn): You don't have any more time.

Ms. Leeanna Pendergast: But I had more questions.

The Acting Chair (Mr. Kevin Daniel Flynn): They were such wonderful answers.

Ms. Carolyn Hendry: Thank you so much for the opportunity.

The Acting Chair (Mr. Kevin Daniel Flynn): Thank you for coming today.

GP NORTH WOODS LP

The Acting Chair (Mr. Kevin Daniel Flynn): Our next delegation this morning is GP North Woods. Tammy Mazzetti, if you'd like to come forward. Each delegation has been given 10 minutes to make their presentation. That will be followed by five minutes of questions, this time from the official opposition. Welcome.

Ms. Tammy Mazzetti: My name is Tammy Mazzetti. I am the manager of sustainable forestry and compliance for Georgia-Pacific, the Englehart division. I'd like to thank you guys for all coming to northern Ontario, especially in January. I'd like to take a little bit of time to introduce our company, since we're relatively new to Ontario, and to identify some key areas that will influence our business.

With more than 40,000 people at approximately 300 locations in North America, South America and Europe, Georgia-Pacific is one of the world's leading manu-

facturers of tissue, packaging, paper, pulp, building products and related chemicals. Georgia-Pacific is an independently managed and operated company of Koch Industries. They're a privately held company, headquartered in Wichita, Kansas.

In the spring of 2010, Georgia-Pacific acquired the oriented strand board business in Englehart, Ontario, as well as the value-added facility in the neighbouring community of Earleton. The Englehart OSB mill is one of the largest and most competitive mills of its kind in North America, and it's important to note that this investment was completed during a time of unprecedented downturn in the building products business. Combined, the Englehart and Earleton facilities employ approximately 200 people, predominantly in the manufacture of oriented strand board panels. Another 800 people in the region are indirectly involved in harvesting and delivery of fibre related to our forest products. This acquisition has been a really positive experience for GP, and GP is excited about the opportunities that Ontario has to offer. However, our business needs assurance that the primary inputs of fibre, power and people remain competitive.

We are members of the Ontario Forest Industries Association and support the principles that were presented yesterday.

Today I'd like to focus in on three key principles that have a direct impact on our business, the first being tenure. Georgia-Pacific requests that the government promptly complete the wood supply competitive process and, working with the industry, accelerate the movement towards co-operative, enhanced, sustainable forest licences.

The government's January announcement regarding a measured approach to tenure and pricing reform was a positive development for the forest industry. A competitively priced, secure and reliable fibre supply is a fundamental cornerstone to GP's business in Ontario. In fact, competitively priced, secure and reliable fibre was one of the most important due diligence factors taken into consideration when GP acquired its assets in Ontario.

The current tenure system, which has been in place for many years, does require some adjustments from time to time but in essence provides Ontario mills an advantage in terms of wood supply security. From a corporate perspective, secure, cost-competitive tenure managed under a world-class forest management standard gives made-in-Ontario appeal in a global marketplace.

It is our view that the tenure reform model initially posed by the government, where the mills were disconnected from the supply, creates uncertainty and risk. The system where crown corporations, known as local forest management corporations, essentially manage the land base will most likely reduce the security of supply and increase our delivered wood cost. This experiment would pose a great risk during fragile economic times.

The building products mills that are currently operating have survived one of the most dramatic prolonged slowdowns in North American housing starts. The housing starts, as reported by the forecasters, were three and a half times greater in 2006 than in 2010. There is no

doubt that the surviving mills are top-quartile facilities and the most competitive in North America. This is due to disciplined reinvestment, process improvement and cost-reduction strategies.

The challenge for the government is to develop policies that eliminate barriers to accessing the current, unused fibre in Ontario without negatively impacting the existing forest products facilities.

The Coalition for Putting Ontario's Wood Back to Work, which represents approximately 200 forest companies, has proposed the same alternative to tenure reform: Finish the wood supply competition and transform the existing SFLs to co-operative licences, which, by their very nature, are more inclusive of all stakeholders. This dual initiative will allow innovative entrepreneurs access to unused fibre to expand into diverse alternative markets. Together, they address the issues at hand while not negatively impacting the existing mills that have worked hard over the last few years to maintain operations and consume crown fibre, as in the case of Englehart.

The co-operative SFL model is a proven system from a cost and supply perspective that has been evolving over the past decade. Currently, 70% of the crown fibre directed to Englehart comes from co-operative SFLs. The management charges on fibre delivered from a co-operative SFL are in some cases almost 60% lower than some single-entity SFLs. Georgia-Pacific strongly supports and encourages the government of Ontario to continue with this initiative.

The second item, which we've heard a couple of times already today, is competitive electricity rates. Georgia-Pacific operates in a highly competitive marketplace and it is imperative that we have a level playing field in relation to electricity rates across jurisdictions.

GP requests that the Ontario government develop more tools to provide the forest industry with a long-term, industry-wide, all-in delivered price of \$45 per megawatt hour of electricity. At \$85 per megawatt hour, Ontario has the third-highest electricity rate in all of Canada. The neighbouring province of Manitoba is at \$35, representing the lowest in the country. These rates have great potential to drive high-energy-using businesses out of Ontario to search for jurisdictions with lower rates. In many instances, legislative policy and political agenda drive electricity rates.

If the same facility making the same product shipped to the same markets was operating in Manitoba, their cost for energy would be approximately two and a half times that which is experienced in Ontario. This represents a significant cost disadvantage as electricity, along with fibre and resin, is one of the key inputs to our process.

The most recent legislation, the Green Energy Act, enables companies using the feed-in tariff program to produce electricity for sale back to the grid. However, this comes not without potential transmission challenges, extensive capital requirements and corporate commitments.

Again, Georgia-Pacific recommends that the government level the playing field for all industrial electricity

users without subsidizing specific sectors. It is proven by history that government subsidies and bailouts prohibit the free market system from achieving its true potential.

1050

Finally the third, stumpage: Georgia-Pacific recommends that the government of Ontario maintain the crown dues rate for poplar and white birch no greater than \$1.07 per cubic metre for the next three years. This is important to ensure that Ontario is competitively aligned with other jurisdictions. Over the past several years, the government has worked diligently to realign the stumpage paid for white birch and poplar so that it is competitive. Prior to the realignment, white birch and poplar dues were 800% higher in some jurisdictions.

This realignment assisted the Englehart facility in our efforts to reduce costs and was integral in maintaining the 200 jobs created by the largest OSB mill. This realignment of stumpage rates applied to all composite poplar and birch users in the province. The stumpage reduction has successfully met the government mandate and created and maintained local forest industry jobs. Georgia-Pacific respectfully requests that the stumpage dues for white birch and poplar remain at \$1.07 per cubic metre for at least three years. Maintenance of these rates is directly influenced by the government and it will result in environmental and economic benefits for the province of Ontario.

The town of Englehart, with a population of 1,500 people, is a forest-products-dependent town relying on the employment at our mill for its tax base and indirect and spinoff jobs. The 200 steady, well-paying jobs at our plant support municipal infrastructure, local schools, hospitals and child care centres. The plant further enhances the town's economy with the approximate 800 indirect jobs created to serve its needs. These are jobs that support and grow families in a small northern community.

Georgia-Pacific has a long history of being a sustainable company, making products that improve people's lives and doing so in a responsible manner. Our products are an essential part of everyday life, providing shelter and improved hygiene. Georgia-Pacific believes that long-term success comes from creating real, sustainable value for customers and has strong ties to the communities where we operate. We create long-term value for society by using resources efficiently, protecting the environment, applying good science and employing market-based management, all with a focus on health and safety. Together these contribute to the overall quality of life.

In conclusion, the three key points that we talked about today—the completion of the wood supply, a competitive process and co-operative SFLs; competitive electricity rates; and maintenance of the stumpage rates—will all help align Ontario with its competing jurisdictions and facilitate a free-market environment. This will enable Georgia-Pacific to harness its true growth potential and foster greater prosperity, not only for Englehart, but northern Ontario and the province as a whole.

On behalf of Georgia-Pacific, thank you for giving me the opportunity to present today.

The Chair (Mr. Pat Hoy): Thank you. We'll go to the official opposition. Mr. Hillier.

Mr. Randy Hillier: Thank you very much, Tammy, for being here, and I guess we should welcome Georgia-Pacific to northeastern Ontario. It's great to see those mills back up and operational.

There are a couple of things. I guess first off, regarding the minister's announcement—you brought it up—about the LFMCS and the forest tenure program: We know that was a year-and-a-half process where we didn't get any new fibre into the system. It sounds very much like the minister has stepped down from that proposed model and Georgia-Pacific is happy with the stepping down from the proposed model, but we do need to get some certainty into the system as to what is going to be made available and how it's going to be made available.

You mentioned one thing that I'd like you to expand on a little bit, that the challenge is for the Ontario government to eliminate those policies that are barriers to the forestry industry. If you want to expand on that, I imagine you are talking somewhat about the Endangered Species Act. We've seen that be a very uncertain piece of legislation where yesterday it's Blanding's turtle that's affecting the wood supply, today it's the caribou, and who knows what it's going to be tomorrow. Maybe you can expand a little bit on what are significant barriers to Georgia-Pacific.

Ms. Tammy Mazzetti: As I wrote this, that's what came first and foremost to my mind, the Endangered Species Act, and how the province of Ontario really needs to maintain its industrial wood supply to create the economic development and jobs that we can and use our resources in this province to become a have province again. The Endangered Species Act reduces wood supply in an area of the undertaking that, quite frankly, will reduce jobs and reduce facilities and forest products production in northern Ontario.

Mr. Randy Hillier: But we've also seen the forestry industry working in our crown forests for decades. Our wildlife, we've been having that in consideration; that's taken into consideration in your forestry management plans and also within the Crown Forest Sustainability Act. Do you see any—I don't see anything in the Endangered Species Act or protecting the endangered species that can't be accomplished as well as harvesting our crown forests.

Ms. Tammy Mazzetti: That's absolutely correct. The Crown Forest Sustainability Act is a world-class forest management standard. I've had the opportunity to go to other jurisdictions, and every time I leave this province, I come home and realize what a great job we do of managing the forest in Ontario. Our process is well defined, it's rigorous, it's followed up with monitoring and it has provisions to protect all those species that are endangered in Ontario. And it depends on the jurisdiction that they're in; it's different depending on the jurisdiction.

Mr. Randy Hillier: However, from day to day, you don't know what's going to be thrown at you next.

But I also want to talk about the stumpage fee. You're looking to maintain that \$1.07 stumpage fee. We heard from a previous presenter that in BC they're seeing stumpage fees as low as 25 cents a cubic metre, and also that in some jurisdictions in Ontario there's a wide range, or there has been. Do you see the mechanism there for the government to price that stumpage competitively? Do you see a lot of give and take, a lot of influence from the forestry industry on setting those fees, or is it more that those fees are set because of other extraneous factors?

Ms. Tammy Mazzetti: There was influence by the forest industry. I believe it was in 2008 that the stumpage fees were taken a really hard look at in this province. The forest industry was able to influence, I believe, the government to bring those fees down to a competitive level. There was work and research done finding out the fees in all the other provinces in Canada. The industry did have some influence there.

We're asking that during the economic trouble that we're having right now if we can just maintain those stumpage fees at \$1.07 for the next few years, that will really help the industry out.

Mr. Randy Hillier: You were also saying that the energy is at \$85 a megawatt now and Manitoba is at \$35 a megawatt?

Ms. Tammy Mazzetti: That was the research that I found, yes.

Mr. Randy Hillier: And at \$45 a megawatt, you guys could be competitive?

Ms. Tammy Mazzetti: At \$45, we can be competitive, yes.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CITY OF TIMMINS

The Chair (Mr. Pat Hoy): Now I call on the city of Timmins to come forward, please.

Mr. Tom Laughren: Good morning. First of all, I'd like to take this opportunity to thank the finance committee for coming in to Timmins. This is something that is very, very important to not only our community but also the outlying area, so we really, really thank you for making this opportunity possible.

I've got a fairly lengthy brief that we have put together for you. There's no way that I'm going to be able to go through that in 10 minutes, so my hope will be that you people will definitely take the time—we put a lot of hard work, time and effort into it. There's some very, very important issues as it relates to Timmins and region in that document.

I'm going to try to condense it, and even though there's many, many issues facing Timmins and northern Ontario, I'm going to try to focus on five areas: the northern Ontario growth plan, the need for predictable and stable revenue for municipalities, infrastructure, energy and transportation.

1100

The northern growth plan: I'm going to condense it to say that this something that northern Ontario has been waiting for for almost four years now. We know that there's a budget and a provincial election coming up, and this is something that we believe, from a Timmins perspective, we have been very, very supportive of, but we need to see the results. When we see those results, there's also got to be a similar type of opportunity as was offered in southern Ontario as it relates to financing. This can't be just recycling the same money. There's lots of opportunity in northern Ontario, but we need your help to be able to make that happen.

The one area that I really want to focus on here today and I really need your attention on is the need for predictable and stable revenues for municipalities.

If you think of Timmins right now, Timmins is in a perfect storm. We've lost the forest industry to a great extent over the past 10 years. Mining—even though there's a lot of exploration going on in a community like Timmins, I look at where Ontario has slid over the past years, from being a number one jurisdiction for many years; now, depending on the information you're looking at, we continue to slip.

For us to move forward, we need some sustainability as it relates to regulations and rules that pertain to that industry. I know that other people have spoken about that this morning—forestry, with some of the crown wood forest allocation and endangered species. Again, there's many people who have made a presentation on that here this morning. I urge you to go back with that message to your peers.

I want to speak specifically about Timmins and the perfect storm. Back in 2008, when reassessment took place in this province, Timmins was increased 28%, which some people may think is great news. At the same time, we now have Xstrata, which shut down their doors and will be demolishing their site starting very shortly. We're going to lose \$4 million of direct taxes. We have Grant Forest Products; their building here in town was never picked up as part of the assets. We are going to lose \$2 million of direct taxes. The Ontario municipal partnership fund and the uploading is going to cost us in Timmins \$1 million. So if you start adding all that up, we are \$7 million short.

If I look at just the mining industry, northern Ontario has witnessed a decline in the share of property tax paid by the resource sector for the last several years. The last five years have seen a 77.6% increase in the federal tax revenue from the Ontario mining industry, and the province has seen a 109.8% increase. Municipalities, however, have seen their property tax revenue from the mining industry decline by 4.5% during this time frame.

In Timmins, over and above those challenges that I talked about which add up to \$7 million, we also have many of our large industrial and commercial businesses who are now appealing their assessment. They can't do anything about hydro in their minds, they can't do anything about the price of gas and they can't do anything about the provincial or federal taxes. They have

an opportunity, through MPAC, to appeal their assessment. If they were successful—worst-case scenario—we would lose over and above that \$7 million; we would lose \$8 million in tax revenue.

Put all that together and we would be down 25%. If you start to look at a community the size of Timmins, when you're talking about running everything from police forces to long-term care, I don't know where we're going to start, other than by decimating the services that we provide.

The city of Timmins believes that Ontario municipalities must have adequate, predictable and stable revenues that reflect the true cost of funding local municipal priorities. All municipalities, regardless of their size or location, face physical challenges. New funding plans must be implemented through co-operation with the federal and provincial governments to provide political autonomy and revenue-raising flexibility. Municipalities are left far too reliant on property tax—a poor alternative, since it tends to lag population growth and it only has an indirect connection to economic activity. Financial assistance must be made available to communities like Timmins, which are experiencing a serious reduction in revenue.

From Timmins' perspective, which is going into budgets, this is the number one priority. I have to tell you that I have been on this since last August and I can honestly say that I almost feel like we are out on our own. The city of Timmins, through its industries—forestry, mining, commercial—has put billions of dollars back into the Ontario and Canadian economies, and it's time that the province and the feds look back and say, "Timmins needs a hand for a couple of years," until we can get our house in order. You take the kind of money that I'm talking about out of our budgets and we will have nothing left that we can call ourselves a community. I'm very serious. We can't go back to the taxpayer and say, "We're going to raise your taxes by 14% or 15% to be able to keep the services," and that's what we're looking at.

Infrastructure: Again, you probably heard this morning—I know you know it from Ontario Good Roads, AMO; it doesn't matter who talks about the infrastructure deficit that we have. Just as an example, over the next 15 years, the city of Timmins will have to spend approximately \$100 million to meet government regulatory changes and maintain its infrastructure system. The \$100-million expenditure will only have a minimal effect on reducing our long-term infrastructure deficit. We are very proud that the province, over the past four years, has given Timmins dollars for its water plant and helped us with some of our water infrastructure. But again, we have a \$60-million project that we have to build here in Timmins to meet regulatory requirements; we have to come up with our \$20 million. When you look at the previous situation that I just discussed, again, it's another daunting challenge. Unless we all work together, I don't know how we're going to make it happen.

What we are recommending is that provincial funding needs to be put on a long-term track to allow for long-

term planning, especially given the time spans involved in planning and building major infrastructure projects. As an interim measure, I urge the minister to consider an immediate increase in the northern communities grant component of the Ontario municipal partnership fund for 2011. This grant has remained constant per household for some time, and not indexing this grant shifts more of the burden of increasing costs to our property taxpayers.

Energy is another important component. I know some of the forestry companies have talked about it this morning. We are very appreciative of what the government did last March in its budget as it relates to energy costs and the opportunity for not only the forestry companies but the mining companies to be able to access that. Had we had that two or three years ago when we were yelling and screaming, we may still have Xstrata here and the tax base that we had.

Again, northern Ontario, and Timmins specifically, is a basket of wealth. The natural resources that we have here are untapped. But again, in order to be able to untap that, we need energy prices that are consistent. We maybe need to look at energy for northern Ontario as an economic development tool. We cannot continue to sustain where energy prices are going as it relates to industry, specifically mining and forestry.

You know, the one thing I want to say very clearly is that when governments looked at bailing out the auto industry, you never heard a peep from municipalities like Timmins, which was not in support of that. We realize the importance of that to our Canadian economy and specifically to our Ontario economy, but I think it's time that the government recognizes the importance of mining and forestry in that same light.

Transportation: We have made this pitch not only to the Ministry of Northern Development and Mines but we've also pitched it to the Ministry of Transportation. Again, our rail infrastructure, as it comes through the Northeast, if you're looking for an opportunity like the Ring of Fire, specifically if you're looking at forestry and mining opportunities—Ontario Northland is in dire need of an upgrade. They are working with tracks that in some instances have the speed down to five and 10 miles per hour for long stretches. They are working with locomotives that are eight or 10 years behind where they should be refurbished. They've got cars that are back 30, 40 and 50 years ago. We definitely need an upgrade and some support for Ontario Northland.

It was developed in 1903 to open up the north. The Ring of Fire is another one of those opportunities, and we believe Ontario Northland needs to play a huge role in the Ring of Fire. We believe that the ideal location for Ontario Northland to come out of, as a government agency, is through the Ministry of Transportation. When you look at infrastructure and when you look at budgets, they have the expertise to be able to do that. When you look at the Ministry of Northern Development, Mines and Forestry, their budget is much too small for the challenges that Ontario Northland has.

Over and above that, you've heard the northern mayors speak of four-laning and better highways in the

north. We respect what the government has done with the four-laning down to North Bay and the four-laning down to Sudbury, but again, we have to start looking at our TransCanada and the safety of that, and the goods that are being carried on those highways because of the lack of development in rail.

I went through this very quickly. Again, I want to urge you to go through our package, because there's a lot more detail than what I have provided verbally here today.

In closing, we are at a crossroads in northern Ontario. The northern Ontario growth plan is something that we are very much looking forward to, and I know there are many people, whether they're in education, mining, forestry or municipalities, who have very high expectations of that.

In the city of Timmins, we definitely need to work with the Ministry of Finance to overcome some of our challenges over the next couple of years. We're not saying forever; we know we have a balancing act here, and there's some responsibility that we have as a municipality as well, but if we don't start opening up that dialogue between at least the two levels of government, we're going to be in dire straits.

So with that, again, I thank you for the opportunity and I'm willing to take any questions.

The Chair (Mr. Pat Hoy): Thank you, and we'll go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Mayor Laughren, thank you very much for that presentation today. It was quite sobering.

If you don't receive the assistance that you've outlined, what will the consequences be for Timmins and, really, the municipalities around Timmins that depend on you in the northeast region?

Mr. Tom Laughren: The first impact is going to be in your soft services. Soft services such as recreation and tourism are probably something that a lot of your community takes for granted. There are always pros and cons to the money that you're spending on them, but obviously, those would be the first places we look.

If you're talking the numbers that I'm talking about, we would have to affect everything from policing to our long-term-care facility.

Mr. Peter Tabuns: On the loss of Xstrata: You noted that, in fact, federal and provincial revenues from mining and forestry have been increasing while your assessment revenue has been dropping. If, in fact, companies were profitable and operating and paying those taxes, can you tell me why the payments to you dropped?

Mr. Tom Laughren: I alluded in my little spiel to the fact that we had many appeals by much of our large industry. Xstrata and others have been very successful at getting their assessments dropped over the past 10 years. I don't know how else to say it: It's been dropped with no thought of who is going to pick up the difference in that burden, which in 99% of the cases has been the residential. Going forward, I think they see an opportunity to be able to do that, even though the price of gold is at record heights.

Mr. Peter Tabuns: Yes.

Mr. Tom Laughren: They see an opportunity; that is one area they feel they can challenge, where in other areas, such as gas and hydro, they can't.

Mr. Peter Tabuns: And are there any central points you want us to take away today?

Mr. Tom Laughren: The central point for Timmins is that we need to have an opportunity to sit down with the Minister of Municipal Affairs and Housing seriously, and the Minister of Finance, to come up with a two- or three-year plan that we could work with the government on to get us by this perfect storm that we are now in.

Some of the other legislation that government is working on, as it relates to the forest industry, is very important for the survival of many of our forest companies that are left in Timmins. The Endangered Species Act: I'm here to tell you that people in northern Ontario respect their environment. We've been here for well over 100 years. We believe that we do a great job in comparison to all kinds of other jurisdictions. But again, those kinds of policies—the Far North Act—have to be put in place so that there's an opportunity for economic development for us in the North.

There has to be some thought by government that really—municipal politicians are really tired of coming hat in hand all the time asking for dollars. We believe that we have the resources in the ground here that are needed throughout the world. We just need an opportunity to have some input into how those resources are handled so that some of those revenues stay within our communities.

Mr. Peter Tabuns: Okay. Thank you very much.

Mr. Tom Laughren: Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation. We enjoyed the wonderful backdrop behind me. As a rural resident, I really appreciated it.

We are adjourned.

The committee adjourned at 1114.

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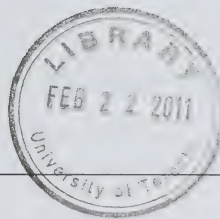
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Second Session, 39th Parliament

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**Journal
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(Hansard)**

Friday 28 January 2011

Vendredi 28 janvier 2011

**Standing Committee on
Finance and Economic Affairs**

**Comité permanent des finances
et des affaires économiques**

Pre-budget consultations

Consultations prébudgétaires

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Friday 28 January 2011

Vendredi 28 janvier 2011

The committee met at 0900 in the Ottawa Marriott Hotel, Ottawa.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We are pleased to be in Ottawa this morning and this afternoon.

CITIZENS WITH DISABILITIES—ONTARIO

The Chair (Mr. Pat Hoy): Our first presenter, Citizens with Disabilities, I'm advised, is not here yet, but we do have the Eastern Ontario—

Mr. Yasir Naqvi: No, he's here.

The Chair (Mr. Pat Hoy): He's here? Oh, there he is. We'll let him get situated.

Mr. Terrance Green: Is there a microphone here?

The Chair (Mr. Pat Hoy): Yes, the microphone's in front of you and staff are turning it on and off for all the presenters, so you don't need to be concerned about that.

Mr. Terrance Green: Okay.

The Chair (Mr. Pat Hoy): You have 10 minutes for your presentation this morning. There could be up to five minutes of questioning, and in this round, it will come from the official opposition. I just ask you to state your name before you begin for our recording Hansard.

Mr. Terrance Green: My name is Terrance Green. I'm the chairperson of Citizens with Disabilities—Ontario. I am here today to talk about Ontarians with disabilities and hopefully to convince the committee that persons with disabilities living in Ontario do need your attention.

When do you want me to start?

The Chair (Mr. Pat Hoy): You can start now.

Mr. Terrance Green: Okay, thank you.

I'm at a bit of a disadvantage here because I don't know who I'm speaking to. I just spent 25 minutes upstairs trying to find the way down here. It's one of these things about accessibility that the facilities here are not totally accessible for persons with various types of disabilities. But I am here.

I brought a handout. Citizens with Disabilities—Ontario was preparing statistics that we wanted to show you. Yesterday, the summary statistics from DAWN Canada, which is the Disabled Women's Network, came across my desk and it seemed to very pointedly bring out

the information that I wanted to share with the committee today. Albeit the statistics that I just presented to you are focusing more on women with disabilities, the summary statistics certainly show that women with disabilities are perhaps the most disadvantaged segment of the Ontario population.

DAWN Canada gathers statistics from across Canada. The last two points of those statistics are very much pointed at Ontario. They're statistics representing Ontario's situation.

Persons with disabilities living in Ontario are at a disadvantage when it comes to getting accessible transportation. Our public transportation systems in Toronto, with the TTC—it had to go through the human rights commission to get accessibility, just to have the stops called out. In Ottawa—albeit, public transportation is federally regulated—it is the same situation: It had to be litigated and a binding order imposed on OC Transpo to get the operators here calling out stops. For people requiring paratransit in smaller communities in Ontario—paratransit, where it is available, is available on a very limited basis. Persons with disabilities wanting to get out for education, for work, for medical appointments, to do shopping, to visit friends—the things that the rest of Ontarians do without even thinking about it—can't do it.

The employment situation: I'll refer you to the DAWN stats. Over 70% of persons with disabilities are unemployed. For women, it's higher than men. The average unemployment rate, with those statistics from Statistics Canada, is approximately 60%. That's a large contributing portion of Ontario that is untapped.

Education: People with disabilities have university degrees. They attend high school. In the statistics you have there, I believe it shows that 48% of women with disabilities are unable to complete high school. It is not that they don't want to attend high school; it's because the facilities are not there to accommodate their needs.

Direct funding for self-administered attendant services: There is an over eight-year waiting list for somebody requiring attendant services who wants to be able to have the ability and flexibility of caring for themselves and administering their needs—eight years to get that service in Ontario.

I think the statistics that I presented to you this morning paint a fairly clear picture of where persons with disabilities are sitting in our society today, particularly in Ontario.

I think it's time that the finance committee, in looking at the budget, looks at what kinds of things can be done, in the short term and in the long term, to try to ensure that persons with disabilities living in Ontario have a fair opportunity of participating completely in their communities. That is a statement that Ontario has right in the preamble of our Human Rights Code.

That's what I have to say. I'm open for questions.

0910

The Chair (Mr. Pat Hoy): Thank you. Just to assist you, there are five government members here listening to you, there are three members of the official opposition and one member from the NDP. The questioning will go to the official opposition. Mr. Barrett?

Mr. Toby Barrett: Yes, thank you, Chair. Thank you, Mr. Hoy. My name is Toby Barrett; I represent the riding of Haldimand-Norfolk. We in the opposition are to your right: the Conservatives and the NDP.

Looking at your fact sheet: For example, the unemployment rate among women with disabilities is 75% and among men, 60%. Actually, I'm surprised, because I've also heard figures more like 90% or 85%.

Mr. Terrance Green: Yes.

Mr. Toby Barrett: I find that quite heartening, but there's a lot more that can be done. Everybody wants to work, in my opinion.

I also see here that 10% of women with disabilities have a university degree. Obviously a lot more can be done there and in community college education as well.

Just in general, what are some of the barriers—there are many, many barriers—for people with disabilities, regardless of the disability, as far as getting involved in the workplace, either full-time or part-time, or even as a volunteer?

Mr. Terrance Green: I'm first going to address the issue you raised about the statistics. The statistics you have in front of you are from a cross-disability perspective, so they include all types of disabilities. When you look at specific disabilities—for example, persons who are deaf or persons who are blind—the unemployment rate goes way up. For persons who are deaf, regardless of gender, the unemployment rate is over 90%. For persons who are blind, regardless of gender, the unemployment rate is in the high 80s and low 90s; I've heard various numbers. But it is way up there.

Mr. Toby Barrett: I perhaps had a bit of a leading question there.

With respect to employment and with respect to very low income—for example, with someone on ODSP you're sitting at a little over \$12,000 a year: \$12,600 a year. You are allowed to work, albeit part-time, and as you know, half the money gets clawed back. You're not allowed to build up much of a bank account or build up any assets of any significance, which I'm very concerned about. With young people and disabilities, the parents and everyone tend to get older. Eventually, when parents pass on, if there is not that asset base, I'm very concerned that there's a government policy that actually sends people down that road.

I'll just put in a quick plug to that end: I introduced legislation a number of months ago, through a private member's bill, to allow ODSP recipients to keep the first \$700 they make every month and to raise their asset limits to \$12,000, so they're allowed to have a lot more money in the bank than they are now. There are a number of other issues too. Any comments on that?

Mr. Terrance Green: That's a very positive step. My feeling and the position of Citizens with Disabilities—Ontario is that the ODSP incentives for persons to get back into the workforce are anti-productive. I say that because if a person does try to use the employment incentives that are built into the legislation, up until last year when the government changed the regulations where a person could keep their medical and dental benefits for a period of time after leaving ODSP and going back into the workforce, once they started work they tended to be in a much worse position than they were being on ODSP. As long as a person tries to enter the workforce and ends up being worse off than they were living on ODSP, there's no incentive for them to get out there and try to be productive and use the skills and abilities they have.

Mr. Toby Barrett: Another issue, as well, with those who are working part-time: There's this monthly or weekly paperwork—which doesn't provide employment, of course, with respect to government workers—and much of it seems to be based on suspicion that someone is scamming the system or hiding some of their income. I find it's a real disincentive. It's a hassle for many people. I know this committee received one recommendation with respect to monitoring or evaluating as something you do maybe at the end of the year based on taxes and things like that. Many other people are monitored that way, rather than this paycheck-by-paycheck monitoring and evaluation. Any thoughts on that one?

Mr. Terrance Green: I think annual monitoring and requiring a person who does work even part-time to submit their tax returns as part of the reporting mechanism to ODSP would be a very positive step, and I think it would be seen in that light.

Mr. Toby Barrett: Thank you, sir.

The Chair (Mr. Pat Hoy): Thank you for your presentation before the committee.

Mr. Terrance Green: Citizens with Disabilities would also like to present a written submission. What is our time frame for doing that?

The Chair (Mr. Pat Hoy): It has to be in by February 1 at 5 o'clock.

Mr. Terrance Green: February 1: on Tuesday. Okay.

The Chair (Mr. Pat Hoy): Yes. We'll provide you an address right now for that.

Mr. Terrance Green: All right. Thank you.

EASTERN ONTARIO LANDLORD ORGANIZATION

The Chair (Mr. Pat Hoy): Now I call on the Eastern Ontario Landlord Organization to come forward, please. Good morning. You have 10 minutes for your presen-

tation; there may be up to five minutes of questioning following that. This time the questioning will come from Mr. Tabuns of the NDP. Just simply state your name before you begin for our recording Hansard.

Mr. John Dickie: My name is John Dickie. I'm the chair of the Eastern Ontario Landlord Organization. Thank you for hearing from me. You should have a written submission in front of you, and I'll be following it fairly closely.

First, to tell you who our organization is: We typically call it EOLO because the full name is a mouthful and the acronym makes a nice word. Apparently, it's an Italian man's name. We checked that when we took the acronym.

We represent the owners and managers of more than 36,000 rental units in the city of Ottawa, including all the largest landlords and multi-residential developers in Ottawa, in addition to many medium and small landlords.

EOLO believes that landlords and renters have a common interest in free rental markets, in fair taxation of residential rental property, in high industry standards for customer service, and in housing assistance that supports tenants' rights to choose their housing and to move when and if they please.

We will address three suggestions today. The first is that the budget provide a permanent housing benefit program. The reason we suggest this is that Ontario's social assistance system is seriously flawed. For both OW and ODSP, their shelter allowance component is the same regardless of whether a beneficiary lives in a low-rent or a high-rent community. If you're living in a low-rent community in a small town somewhere and you have an ODSP shelter allowance of \$500 a month, you're fine. If you're living in Ottawa or Toronto, you are in serious trouble. You cannot possibly find accommodation in those cities for the shelter allowance that is provided.

0920

Many other provinces have what they call a portable housing allowance that provides additional assistance where housing costs are high and also provides additional assistance to the working poor, many of whom move on and off social assistance. Typically, it's the last benefit to be removed, so it preserves work incentives at the same time as helping people who have this specific cost problem.

The ROOF program—rental opportunities for Ontario families—was a temporary program of housing allowances and it did help some 25,000 low-income Ontario families, but it has certain design flaws. The biggest problem is that it has come to an end. There is no more entry into that program.

The long-term affordable housing strategy report indicated that the government would consider a permanent housing benefit program. The government should consider it quickly and adopt it. There has been a detailed proposal submitted to the government called A Housing Benefit for Ontario: One Housing Solution for a Poverty Reduction Strategy. That was created by two major charitable foundations; the Toronto-based Daily Bread Food

Bank; the Federation of Rental-housing Providers of Ontario, which is our equivalent at the provincial level; our equivalent in the city of Toronto; and the Ontario Non-Profit Housing Association. So you can see it has broad support across the housing and poverty spectrum.

There are certain details of the program, but the key elements are that it funds a part of the affordability gap, that it responds to differential rent levels, and that it responds to differential income levels. As a result, it is by far the most cost-effective thing that the budget could do to address poverty, and it would also serve to reduce homelessness. Recent studies have found that beneficiaries of either rent supplements or housing benefits tend to move into homelessness at a much lower rate than people who do not have those benefits, simply put, because it helps them pay their rent and put food on the table.

Moving on, EOLO believes that the budget should also provide an energy-saving subsidy program for rental housing providers. Residential landlords are in a bind this year, and they and tenants will suffer because of it. The guideline rent increase is at a historic low of 0.7%, but at the same time most landlords are facing cost increases of 3% to 8% for property taxes, utilities, and items newly subject to the provincial component of the HST. The main cost landlords can control is repairs and upgrades, yet with an aging stock of buildings, there is more and more need for repairs and upgrades.

We would suggest that the government and the Legislature could address both the energy goal as well as better housing for tenants through a program which would subsidize energy upgrades. It would also have the effect of creating jobs, many of them in Ontario. The structure we're suggesting is the structure that was used for the federal home renovation tax credit, which has a very low administrative cost, a high degree of certainty, and is very easy to use. That would be a mechanism which would be really of great assistance in managing the current situation.

The third thing I'm here to suggest is that in the long term, the province should rebalance the income tax system to reduce the extent of incentives for home ownership. For many years, public policy has promoted home ownership using both programs and, primarily, tax expenditures in the income tax system. Home ownership is the Holy Grail. I'll come in a minute to why it really should not be such a Holy Grail. In my presentation, I've listed the various ways in which the tax treatment of rental housing has become worse between 1970 and 1990 and, indeed, recently. This has been happening, and at the same time people are wondering why less rental housing is developed and why it appears to be less affordable. Well, these are the reasons: because it is being taxed more heavily.

The Ontario and Canadian apartment associations have recently commissioned a study by Dr. Frank Clayton, an economist specializing in real estate, to study program spending and tax expenditures between homeowners and renters in the private market. The study

found that the Ontario government provides an average of \$493 in subsidies for homeowner households versus \$58 for renter households. Doing the math quickly in my head, that's about one seventh as much. Yet renter households have, on average, half the income of homeowner households. This system is not right, it is not fair and it is not helpful to the larger economy.

What is problematic about home ownership? Well, there are several things. It locks people in, and that has a significant effect on the economy. Recent studies in the United States and across European countries have found that countries with high degrees of home ownership have higher levels of unemployment. It is simple to understand. What happens is that if they become unemployed, a homeowner will look for work within commuting distance of their home—if they can't find it, they may stay unemployed and live off the equity in their home—whereas renters look for work wherever they can find it, and then they move if they need to.

Our submission to you would be that rebalancing these incentives between renting and owning would make things fairer for tenants and would benefit the economy. In particular, this rebalancing would provide for higher labour mobility. It would provide for more incentive to invest in income- and growth-producing assets rather than owner-occupied housing. We have tremendous housing in this country, for the most part, and one of the reasons is because the tax system is so favourable for it. Thirdly, it would give the government potential ability to lower other taxes since owner-occupied homes are currently largely exempt from income taxes and all their various ramifications, whereas rental properties produce tax revenue. Of course, because landlords compete for capital like everyone else and we have to earn our rate of return on our investments, it is the tenants who are paying those taxes on rental housing.

A housing benefit program would be one small move towards redressing the current imbalance. I would urge it on you, and I would urge further steps and further investigation of these issues on all parties in the Legislature.

The Chair (Mr. Pat Hoy): Thank you. We'll move to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Mr. Dickie, thanks very much for this presentation, and thank you for coming in this morning.

Just to get a sense of the financial impact of the asks that you've presented, the energy saving subsidy program for rental housing providers, which I actually think has a lot of benefit to it: What kind of dollars are you talking about?

Mr. John Dickie: The Federation of Rental-housing Providers of Ontario has actually made a specific program proposal—or will be in their written submission; I'm not sure if they will be presenting orally. But they designed a program which will be in the range of \$50 million to \$100 million. So it's not chicken feed, but on the other hand, it's not a huge, huge amount of money.

In terms of the housing benefit program, again, that coalition designed a program which would cost \$250 million, but they also proposed a variety of ways in which that money could be found from other items already in the budget. For example, there is an annual increase to the shelter allowance within OW and ODSP. Well, if, instead of increasing that across the board, that increase in money were taken and applied to a housing benefit, which would address the greatest need, then it's self-funding.

In addition, there is a property tax credit for seniors, which is fine, but again, it's another one of these things that gives money to homeowners and leaves renters hanging in the wind. So if the money that was to increase that or if even some part of the current funding of that were to be redirected into this housing benefit, the coalition believes it could be largely self-funding within the government's current fiscal framework.

The report is available on the FRPO website, frpo.org, and also, I presume, on the Daily Bread Food Bank website and so on.

Mr. Peter Tabuns: I've seen people who did get benefit from that temporary allowance program. Is there any fear on your part that \$250 million put into the rental housing sector would have an inflationary impact on rent?

Mr. John Dickie: It's an excellent question, and it frankly is the reason why our industry organizations advocate for housing benefits with particular designs. The design that is proposed—and this was worked on by Dr. Marion Steele and other experts in the field, and I think Mr. Stapleton—avoids rent inflation. The system subsidizes a percentage of the affordability gap, but not 100%, so the tenant is still incentivized to economize on housing cost.

0930

The other provinces where this is used—BC, Manitoba and Quebec—have found that the system does not inflate rents the way they do it. They have a number of techniques they use to make sure that the tenant remains acutely aware of the marginal rent increase and seeks to avoid those marginal rent increases.

The ROOF program had a design flaw because it paid a flat amount of money if you were eligible. So the incentive was, if a tenant was not quite eligible, they could make themselves better off by going to the landlord and saying, "Look, raise my rent by \$20; then I'll be eligible. I'll get \$100, and I'll give you \$20, \$30 or \$40." It had that design flaw.

It is easy to avoid that design flaw. The other provinces know how to run these programs. Ontario can learn from them. Ontario doesn't have to go through their five- or 10-year learning period before they get it right. We can bring one in right now that does not inflate rents and that delivers really significant benefits to a lot of people at a very modest cost.

Mr. Peter Tabuns: I don't have any further questions.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. John Dickie: Thank you.

PUT FOOD IN THE BUDGET

The Chair (Mr. Pat Hoy): Now I call on Put Food in the Budget to come forward, please. Good morning. You have 10 minutes for your presentation; there could be up to five minutes of questioning. In this case, it would come from the government. I ask you to state your name for our recording Hansard.

Ms. Sara Lyons: Good morning, everyone. My name is Sara Lyons, and I am a board member of the Centretown Community Health Centre, which is a member of the coalition in the Put Food in the Budget campaign.

Ms. Michelle Walrond: Good morning. My name is Michelle Walrond. I'm a member of ACORN, the Association of Community Organizations for Reform Now.

Ms. Sara Lyons: We're very pleased to be here today. As you'll see, there are a number of us here supporting our campaign. I want to just quickly list the organizations that are involved in our campaign, and this is in Ottawa only: ACORN, All Saints' Anglican Church Sandy Hill, Carleton University Graduate Students' Association, Coalition of Community Health and Resource Centres, Entraide budgétaire, Interfaith Sandy Hill, Jewish Family Services, Just Food, Ottawa Poverty Reduction Network, Social Planning Council of Ottawa, Somali Centre for Family Services, and Ottawa Inner City Health Inc.

The Put Food in the Budget campaign is a campaign to raise awareness about the inadequacy of food budgets within our social assistance system. The Put Food in the Budget campaign is structured so that Ontarians are invited to live on a diet similar to what someone living on social assistance would live on for up to a week.

The Put Food in the Budget campaign has two main demands. The first is an immediate increase of \$100 per month for every adult receiving social assistance as a first step towards addressing the inadequacy of current social assistance benefits. Second, we're looking for a fair and transparent way of setting social assistance rates so that people can meet their basic needs and lead a healthy and dignified life.

It's clear that a healthy and nutritious diet is out of reach for individuals and families living on social assistance in Ottawa. I have done the challenge, meaning I have lived on the prescribed diet through the challenge for a week. Healthy food choices are extremely limited.

Ottawa Public Health's recent survey shows that incomes of Ontario Works recipients, ODSP recipients and seniors receiving old age security are just not enough to cover rent and food. Michelle's presentation is going to delve into that a little further.

Our province's health units have shown that the annual cost of healthy food is simply not met. We understand that food banks and the charitable sector have a role to play in alleviating that need, but we think that the province has a lead role and that poverty is our

collective responsibility. The Ottawa Food Bank serves 43,000 people each month, 37% of whom are children.

Back to what we're asking for: We think it's time for Ontario to put food in the budget and introduce immediately a \$100-per-month healthy food supplement. This \$100 wouldn't actually be enough for a social assistance recipient to have a healthy, nutritious diet, but it's a start, and we think we really need to start somewhere. We're very pleased that the Ontario government has created a social assistance review, and we really do hope that that will go a long way in evaluating the true cost of living in communities across Ontario. We look forward to a new benchmark for income adequacy.

Just on a personal note: Why are we here and why are so many members of this coalition from community health centres? Part of that is because, of course, the social determinants of health are really key, and what we're finding, and I'm sure you've heard this in other parts of your consultation, is that inadequate diet and poor food are a key component of poor health outcomes. One of the key questions that you would ask is, "How much will this cost to raise the food budget?" I think the larger question is, "How much is it costing us not to?"

I can tell you that at our board table at the Centretown Community Health Centre here in Ottawa, we've had a lot of discussion recently about the rising rates of, for example, diabetes, and the emergence, funded by this very same government in Ontario, of a diabetes regional coordination centre, run through our health centre. It's great work, and I think we're doing a great job, but why do we need this? In part, we need this because so many diseases that are, in part, driven by poor diet and inadequate income are rising in our province.

Again, just to reiterate why we're here: We're looking for \$100 immediately per adult to support healthy eating for income assistance recipients, and we're also looking for a new, much better benchmark for adequate, healthy and dignified lives through the review.

Ms. Michelle Walrond: Good morning, honourable members of provincial Parliament. Thank you for receiving this deputation from the Put Food in the Budget campaign. As I said earlier, I'm Michelle Walrond, and I'm a member of Ottawa ACORN. We're a grassroots organization supported by more than 5,000 people who are members of ACORN and various allies in Ottawa. We advocate and seek to empower poor and moderate-income Canadians.

I'm also a recipient of ODSP. I operate a small home-based business, so I'm not doing as badly as most people who are on ODSP. When I moved to Ottawa 10 years ago, I was able to exercise my right to mainstream health care, and because of that, I'm able to operate an online tutoring service from my home. I'm able to tell you about how \$100 added to my monthly budget would be a very slight but appreciated stopgap goodwill measure for me and other recipients of OW and ODSP. We're struggling in every aspect of life.

As I said, I'm doing better than most people; I'm doing better than anybody I know who is on ODSP. I'd

like to show you my budget for February to illustrate. Were you given the handout of my budget?

The Chair (Mr. Pat Hoy): Yes, we have it.

Ms. Michelle Walrond: Great, okay. You can see that my rent is pretty cheap. I live in a one-bedroom townhouse in an unsubsidized co-op. My hydro bill is lower than many people's because I live alone and I'm very energy-conscious. My Internet service is an expensive necessity because my business is 100% Internet-based, so my service has all the bells and whistles. Nobody has cheaper car insurance than I do, but I wasn't able to pay my insurance last month, so this month I have to double up. I have to pay tenant's insurance, even though my total household assets are valued at less than what the deductible would be. I pay \$10 in dues to ACORN, and I make a \$10-a-month donation to Human Concern International because, like I said, many people are doing worse than I am. ODSP requires me to have a business bank account and a personal account; that's why my bank fees are so high.

My birthday is in March, so I have to renew my licence and pay for a parking ticket. I went to the emergency room and I didn't top up my meter because I was having a medical emergency, so I have to pay this amount because I couldn't get there to dispute the charges before the conviction date. Anyway, I have to pay the renewal in February because I don't expect to have any earned income in March. Right now, I only have five paying students and the next students' yearly tuition payment is due in April, and they're often late.

0940

My total household expenses are \$1,460, which is less than most people pay for their rent or mortgage in Ottawa, so I'm not doing as badly as most poor people. But then things get a little strange. Did you notice there's no food in this budget? I have about \$10,000 in credit card debt and more than \$2,000 in tax arrears. If I never use my credit cards again, it would take me more than 20 years to pay off my credit cards and taxes, but the debt will never decrease because every month I have to use these credit cards to pay for food and buy gas and anything else life throws my way.

The combined totals of all my expenses come to \$2,156. My ODSP allotment is only \$912 because they deduct the estimated average of what I would earn over the year from each month's allotment. I have one student who is scheduled to renew his contract for a year this month, so hopefully, if he actually keeps his promise and renews, I'll get paid \$1,165 after the bank remittance fees are deducted. I'll have \$17 left over for food. There's nothing left over for car repairs and maintenance. I hope MTO doesn't require me to get an emissions test or anything; I really can't drive anyway because I don't have any money for gas.

Adding \$100 to my monthly ODSP allotment wouldn't do much to improve my situation. It might just allow me to charge \$100 less on my credit cards, which would probably save me hundreds of dollars in interest

over the years, or maybe it might save me thousands of dollars in interest.

You men and women are the financial geniuses we've elected to set a fair, realistic and compassionate budget, so you do the math. That's the name of our committee: Do the Math. All I know is, if you approve this \$100-a-month stopgap food benefit, people like me and those who are a lot worse off than I am will be able to, for once, put a little bit of food in our budget.

Thank you very much.

The Chair (Mr. Pat Hoy): Thank you, and we'll move to questioning now from the government side. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Sara and Michelle, for being here this morning and for sharing your information with us.

Michelle, I did notice that there was no food in the budget; that's the first thing I looked at. I have three teenage sons, so as a mom, my eye went right to the food budget. Thank you for that presentation and for sharing your personal information.

I do want to start by saying that it's very important that we hear from you and we appreciate your time. Several of my colleagues have taken the challenge. I have not myself but I think colleagues throughout the House have taken it and are aware of the situation. My colleague here, Yasir Naqvi, has actually sat on the Centretown Community Health Centre board. I want to assure you that we do hear you.

We've been travelling throughout the province all week and we've heard presentations: Voices Against Poverty and the 25 in 5 Network have asked us to stay the course on the poverty reduction strategy. Social action committees have talked about a healthy foods benefit, so we are hearing the recurring themes and we do hear what you're saying. We hear you on the immediate increase of \$100 per month per adult and we hear you saying that there has to be a fair and transparent way of setting social assistance rates.

I wanted to tap into your expertise on three other areas that we are also hearing about. The first is to develop a strategy for disproportionately poor communities across the province. Have you had any discussions with your group on that particular topic?

Ms. Michelle Walrond: What we do at ACORN is we consult with people who actually have the problem themselves, who live in those neighbourhoods. For example, our first chapter in Ottawa was opened in Vanier, which is a disproportionately poor neighbourhood in some places. They had immediately a list—your work would be very easy if you spoke with them. I'll be more than happy to set up a meeting with people who are actually living in those conditions. You can ask them specifically what they think would be—a lot of times, the people who, like myself, are living in this situation can come up with things that you'd be amazed are much more simple. I'm looking at my house, paying my rent this month. If you will just multiply that by however many thousands we are, a lot of times that's

all the solution you need. We can get together and work out a solution that would solve the problems of the people who are actually experiencing the situation, living in these conditions.

Ms. Leeanna Pendergast: I think you said it quite eloquently, Michelle: We can get together and work out a solution. Thank you.

That is a segue to my next question. We're hearing a lot about, again, the bigger picture, about investments in social infrastructure, so investments in full-day learning, to stay the course in investing in full-day learning; affordable housing—we heard EOLO just talk about affordable housing; transit. Would you say that's consistent with your organization as well?

Ms. Michelle Walrond: I know that they are our allies. When they inform us of their objectives and their campaigns, our members—I'm a member of ACORN but I'm working with the Ottawa poverty reduction strategy and the Put Food in the Budget campaign. We're all in this together. So, yes. For somebody like me, living with it—people who are not immediately pressed with poverty have a little bit of working room. Quite honestly, I don't care what you do, as long as you improve the situation. We want improvements. We want things to be worked out now, or as soon as possible. There are people, as I said in my presentation, who are doing a lot worse than I am. Sometimes I wonder if they're going to make it another month.

Ms. Leeanna Pendergast: Can you take that thought about the "now" and translate that to training? The third thing that we're hearing consistently is that there has to be continued support for training.

Ms. Michelle Walrond: I'm a disabled person. I have training. I've got gobs of education, I've got gobs of experience, but I'm not physically able to do a lot of things. So training, for me—I started my business after participating in the self-employment benefit program with HRDC. That was very beneficial to me. So programs like that, that help—you basically choose what you can do and what your vision is for your life, and you're given the tools and the training to carry through with your vision for yourself. That's why I think that was a much more useful program than those that are saying, "Okay, here's training for this industry." Those are good, but from my personal experience, the ones that make you capable of making your own decisions and putting yourself into a situation that you know you can handle are much more realistic and helpful to me.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Michelle Walrond: Thank you for having us.

Ms. Sue Lyons: If I may, we won't be presenting this to the committee, but we'll be giving this to his staff. We've brought a Valentine for Minister Duncan: "Don't fudge it; put food in the budget."

The Chair (Mr. Pat Hoy): We are having problems with our interpretation this morning. There are some technical difficulties with those. So if anyone requires it,

if they'd identify themselves, we'll try our best to accommodate them. But we are having technical problems.

OTTAWA PUBLIC LIBRARY

The Chair (Mr. Pat Hoy): I would ask the board of the Ottawa Public Library to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. In this case, it will come from the official opposition. I would ask you to identify yourselves for our recording Hansard, and then you can begin.

0950

Ms. Barbara Clubb: I'm Barb Clubb, city librarian, Ottawa Public Library.

Ms. Jan Harder: My name is Jan Harder and I'm chair of the Ottawa Public Library Board. I'm also a city councillor here in Ottawa, and have been for 13 years. I'm also president of the Canadian Library Trustees Association and I'm on the board of directors of the Urban Libraries Council of North America. To say I'm hooked into libraries just a little bit would be—

Interjection.

Ms. Jan Harder: Yes, it wouldn't be a stretch.

The Ottawa Public Library/Bibliothèque publique d'Ottawa is the second-largest public library in Ontario, serving almost one million people. It is also the largest bilingual library—English and French—in North America. In 2010, our library experienced more than 32.5 million uses, including the circulation of more than 10.3 million items.

I am here today with our city librarian, Barbara Clubb, to:

- indicate the support of the Ottawa Public Library for the submission of the Federation of Ontario Public Libraries, which you'll hear later today, and of which we are a proud member;

- identify what the Ottawa Public Library does to help families, increase employment, and improve community services, and, in doing so, illustrate what the provincial government can do to more fully leverage its investments in Ontario public libraries;

- signify the support of the Ottawa Public Library for Knowledge Ontario; and

- thank you very much, the entire provincial government, for the \$15-million provincial development fund awarded to the Ontario Library Service in 2008 and for the province's participation in the recent infrastructure stimulus funding program.

Over to Barb.

Ms. Barbara Clubb: The Ottawa Public Library will be and is supporting the submission of the Federation of Ontario Public Libraries. We want to emphasize three points that they will be raising and which we endorse very strongly.

The first is that increasing the provincial operating grants to public libraries is the number one issue for the Ottawa Public Library. In 1996-97, the amount of these grants was decreased by almost 40%, and it has remained

static for the last 15 years at \$18.7 million. There has been no accommodation for inflation, population growth, or the new generation of users with fundamentally different information-seeking habits. Ontario has the lowest provincial per capita funding for library operating grants in Canada at less than 5%. There is also a significant disparity in the way the provincial government allocates its current support to libraries. Therefore, the funding envelope for provincial grants not only needs a major increase; its distribution formula needs a major overhaul.

Our goal of service excellence is really tied to funding. We ask that the government significantly increase the funding envelope for operating grants to public libraries to \$43.9 million, phased in over two years. Last month, the federation presented a specific proposal to the Ministry of Tourism and Culture for revamping the calculation of the grants. This proposal received wholehearted support from 99.4% of the respondents when the federation conducted a recent vote among its members representing the majority of public libraries and their municipalities in Ontario. Even after year two, if funding reaches the proposed level, this would only provide libraries with the same spending power they had in 1995. The proposed \$43.9 million simply takes the current funding envelope, adjusts it for Ontario's population growth and change in CPI from 1995 to 2006, and adds back the 40%.

Of course, because our libraries in Ontario come in all sizes and are located in every region, their needs and views vary significantly. However, on this particular issue, as potentially contentious as how to divide up a funding increment could be, the sector has reached consensus and has communicated resounding support for the federation's proposal. Taking advantage of this consensus, we think, certainly simplifies the challenge Minister Chan has stated publicly on several occasions, that "Public library funding needs to be fixed." You will receive the specific details of this proposal later this afternoon.

Our second item is that Ontario public library facilities really require rehabilitation. Public libraries have a considerable need for sustainable capital funding to address the requirement for periodic maintenance, renovation and expansion of their facilities. Their electronic information systems in particular need continual updating to ensure currency and accessibility. New legislation, such as the AODA legislation, is putting added pressure on our facilities for improvements.

Our third item is public libraries and literacy. The Ottawa Public Library is one of many Ontario public libraries which deliver almost 700 core literacy programs involving more than 1.2 million hours of instruction, often as a partner with other literacy partnerships in the community. As a universal access point for children and families, our library fosters pre-literacy skills, enhances children's development of language and numeracy skills, and improves family reading habits. Across the province, there are trained staff and a public library infrastructure in place. Public libraries are in communities large and

small, urban, suburban and rural, and in remote areas and First Nations communities as well. Therefore, we ask that public libraries be allowed to access provincial funding streams that are dedicated to early literacy, for literacy is our business too.

Ms. Jan Harder: Public libraries support provincial priorities and the development of our citizens. The Ottawa Public Library, like all public libraries, is a local service channel which can be leveraged to further provincial priorities in key areas. Specifically, the Ottawa Public Library does many things in enriching the personal, professional and civic lives of our citizens.

Through our business services program, we serve as business incubators, supporting fledgling entrepreneurs who are the drivers of local economic recovery and job creation.

Through our career services program, we provide niche specialized services and resources for career planning, job searches and upgrading skills.

Through our newcomer services, in partnership with Citizenship and Immigration Canada and five local settlement agencies, we provide services to help newcomers to Canada succeed through settlement support, language acquisition that includes ESL programs, accreditation and employment support, while reinforcing community and cultural connections.

Through our learning and literacy programs, such as Every Child Ready to Read and 123 Read with Me, which is our infant literacy program, the Ottawa Public Library facilitates success in the school system through the delivery of many free preschool and children's literacy programs, and we provide access to a vast array of expertise to support the education of children ages zero to 18, as well as adults.

We serve as a citizens' bridge to other community services through our free museums pass program, our pedometer and kilowatt meter lending services, and our new and very popular ski pass program to promote more healthy lifestyles. Our branches serve as access points for citizens to purchase their monthly ODSP-subsidized bus passes, and our library is a key resource for loaning French-language materials to many other public libraries throughout the province.

In short, the Ottawa Public Library's 33 branches and two bookmobiles, combined with our digital service program, are hubs in our community and are often the only public space where residents can gather freely and dialogue, and thus contribute to a healthy, educated and informed Ottawa.

Just as an aside, we move 60 tonnes of library material around our city every single week.

Ms. Barbara Clubb: The Ottawa Public Library supports Knowledge Ontario. This is an agency funded by the government of Ontario. It provides efficient, effective services and programs to us and other public libraries, and other libraries, in the province. What Knowledge Ontario offers is fundamental to our library and to the people of Ottawa, and we hope you will con-

tinue to provide the necessary funding to support these vital province-wide and cost-efficient tools.

Ms. Jan Harder: The Ottawa Public Library gratefully acknowledges the support of the government of Ontario in the form of two recent programs: the \$15-million investment in Ontario public libraries, and the infrastructure stimulus program. In Ottawa, that meant that, working with the city of Ottawa and the federal government, we received almost \$5.5 million in ISF funding. This allowed us to build one new rural branch in the village of Greely and complete significant rehabilitations in six other branches.

In my concluding remarks, the Ottawa Public Library respectfully recommends that if the government of Ontario is concerned about early childhood reading readiness, resources to support educational achievement and lifelong learning, equitable access to information and materials regardless of one's financial or geographic status, assisting small business development that underpins the Ontario economy, helping newcomers integrate effectively into their new communities, and spending money wisely, then invest more in public libraries. Increase our provincial operating grants. Give us access to provincial funding streams for early literacy development, support Knowledge Ontario, and establish a capital infrastructure fund designated for public libraries.

Thank you very much.

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The Chair (Mr. Pat Hoy): You have impeccable timing.

Ms. Jan Harder: A little note I slipped over to Barbara: "We're going to run out of time."

The Chair (Mr. Pat Hoy): The questioning will go to the official opposition. Ms. MacLeod?

Ms. Lisa MacLeod: Welcome, Jan. Welcome, Barbara. I'm happy that you're both here today to introduce you to so many of my colleagues. For my colleagues, Councillor Harder is my former boss. She is a big reason that I actually became involved in politics, so I'm happy to see her do this and happy to have Barb here, whom I used to work with at the city of Ottawa as well. They've been doing tremendous work, not only in working with the province and the federal government with the stimulus. My riding was obviously a beneficiary with the Greely library, which I was at yesterday. It's coming along quite nicely.

One thing that you didn't mention but I know just from talking to people in our community, Jan, is the amount of people who are actually going to the Ottawa Public Library now for e-books and DVDs and the like. You didn't mention that, but that has to have a significant cost in how you're doing business, and it's also sort of transformational in how people are actually participating in literacy, whether it's just themselves or with their families. I just wonder if you have a comment on that.

Ms. Jan Harder: I do, briefly, and then probably Barb will as well. Since amalgamation, which was 10 years ago, the Ottawa Public Library has increased in its usage by 60%. What we do is, we have a very strong

strategic plan that we look at every two years to confirm that we're still on track. Everything we do ties into that strategic plan, so e-books, DVDs—such a small part of our business is the DVDs. The e-books are certainly growing. Access to our website, the library website: We have more hits than the city of Ottawa does. We are constantly evolving and aware of the changes and the opportunities and that's why, in reading the material that you heard today, I'm talking about more than just children's programs. I'm talking about what we do for businesses and what we do for newcomers and what we do across the boards and the partnerships we have within the city. We respond like that, as long as it's within our strategic plan.

Ms. Barbara Clubb: In terms of e-books, we have downloadable audio books and downloadable electronic books. It's the electronic books that are taking off like wildfire. It's had a rather peculiar effect, though, on our budget; that is, when you take out an e-book, it sort of gets returned, when you're done, by itself. You don't have to bring it back, and as a result, people don't have overdue fines. So it's having a negative impact on our revenue stream in the fines area. But it's an area that is hugely popular. We collaborate with libraries across the country and in the US in terms of using only a few vendors so that they can negotiate what is called digital rights management, because that's a very big issue for us.

Ms. Lisa MacLeod: Listen, Barb, just quickly, I want to change to what you're doing with newcomers. Obviously, the city of Ottawa is different than any other city in the entire province because we're the national capital. We're unique in that we have a very large francophone component to our city, but we also have newcomers from virtually everywhere in the world. I'm wondering—you talk about newcomers: How many languages are you working with at the Ottawa Public Library? I'd be interested to know. Obviously, that's unique, and it gives our library system here in Ottawa a different set of challenges than maybe anywhere else in the province.

Ms. Barbara Clubb: I would say first of all that the city in this province with the largest and most unique language collection would be Toronto. But here, we collect in nine different languages. We have, of course, representation in many others, but because of our funding situation, we had to make a choice several years ago. That choice was to build in the languages of the newcomers rather than folks who have been here for a longer period of time. Every new census, we re-evaluate the languages that we're putting money into.

Ms. Lisa MacLeod: Which ones are they right now, just out of curiosity?

Ms. Barbara Clubb: Off the top, they would be French, Russian, Arabic, Spanish, Chinese, Urdu, and I can't remember the rest. But those would be the major ones.

Ms. Lisa MacLeod: Yes. Do you do a lot of translation services at the branch because you're working with this newcomers program, or is it generally that you're just purchasing books?

Ms. Barbara Clubb: Well, we purchase books. In some languages, they prefer electronic materials and DVDs etc. rather than books, so it varies.

In 10 of our branches, we work with the local settlement agencies and Citizenship and Immigration Canada. The settlement agencies place what we call library settlement workers in those branches, and they work as a liaison between the newcomers and the library services. We have quite a bit of information on our website in terms of welcoming newcomers; that's in about 20 languages. I wouldn't say we do formal translation, but of course the settlement workers all have at least one, if not four or five, languages at their disposal, so they do help with that translation process, but it's not a formal thing. You don't bring in a letter to get translated, that sort of thing.

Ms. Jan Harder: We also look at where people live in larger numbers. For example, you might be surprised to know that in Barrhaven, we have Chinese settlement workers. You would think that in Barrhaven there are so many other languages spoken etc., but it is a hub for the Chinese, and we have a lot of adults who come to that program.

Ms. Lisa MacLeod: Yes, I think it's fantastic, and you've really shown how you've evolved.

The Chair (Mr. Pat Hoy): Thank you. The time for questioning has ended.

Thank you for your presentation.

ENVIROCENTRE

The Chair (Mr. Pat Hoy): Now I call on EnviroCentre to come forward, please. Good morning. I've noted that you have been sitting there since the beginning, but you do have 10 minutes for your presentation. I usually give a one-minute warning so people know when they might want to wrap up. Just simply state your name for our recording Hansard.

Interruption.

The Chair (Mr. Pat Hoy): Somebody has their BlackBerry on.

Mr. Dana Silk: It's my timer; sorry. Good morning—

The Chair (Mr. Pat Hoy): I'll give you a warning when you have a minute left.

Mr. Dana Silk: My name is Dana Silk. I'm the general manager of EnviroCentre. We are a non-profit organization that has been promoting energy-efficient goods and services in Ottawa since 1999—

Interruption.

Mr. Yasir Naqvi: Dana, if you could turn that off.

Mr. Dana Silk: It's not mine; I turned it off.

Over the last 10 years, as you see in the chart there, we've been focusing primarily on delivering a retail program—the federal ecoEnergy and the provincial Ontario home energy savings program and low-income weatherization programs, which are mandated by the Ontario Energy Board through the gas utilities. Unfortunately, the Ontario Energy Board does not mandate local distribution companies like Toronto Hydro,

Ottawa Hydro or Hydro One to invest in low-income energy conservation programs, and that's a big problem that should be rectified because 90% of the energy subsidies in Ontario go to people who do not need them. That's 90%. In fact, there's pretty good evidence showing that low-income households actually contribute more to energy subsidy incentive programs than they get out of them.

If you add up the numbers over the last 10 years, EnviroCentre is taking credit for investing upwards of \$40 million in eastern Ontario's economy, which translates into a lot of jobs, of course. One of the advantages of investing in energy efficiency measures is that the money primarily stays in the country or in the locality instead of, say, going to Alberta or some other place even further away. It's very, very difficult to outsource energy efficiency upgrades; the kind of work that's done through energy efficiency cannot be outsourced to China, for one example.

Of the 15,000 home energy audits that we've done over the last 10 years, you'll see that people have invested a lot in draft sealing, upgraded furnaces and basement insulation. Again, all of these things are generating really good jobs in every community across Ontario.

In terms of the investments, you can see that in over 60% of the audits that we did in Ottawa and eastern Ontario, each household invested more than \$3,000. One of the good things when going through these programs is that this money stays out of the black market. When you put a new furnace in, you can't put it in by your cousin. When you do most of these energy efficiency upgrades, you have to pay by cheque or Visa, and you have to pay HST. The people who are doing the work pay income tax. So energy efficiency is a very good thing for provincial and, I suppose, federal economies. When these programs end, it goes back to the black market, which is not a good thing.

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Unfortunately, the federal government ended its program almost a year ago. It blindsided all of the partners across the country, including the government of Ontario and a lot of utilities, and ended its program. Unfortunately, the Ontario government is doing the same. As of the end of March this year, the Ontario home energy savings program, despite great results, is coming to an end. That's something that we certainly regret. There's talk now about the federal government perhaps bringing it back in. If they did that, it would be for the third time. It's really unfortunate, when you're trying to build an industry, when you're trying to build consumer confidence in these kinds of programs, to turn the taps on and then turn them off. That's what's happening.

If you go to the Ministry of Energy and Infrastructure's website, it still today says that there's time to participate. But you actually now have to get your first audit done; you've got to run out and get a furnace contractor or an insulating company to get in there and do all the work; get the second audit done; and get all of

that done before the end of March. It's going to be very, very difficult to do that, and it's certainly regrettable.

Almost—well, not quite—as bad is that the replacement of these programs—they're saying that they're going to replace them, and it will be available province-wide as of January, which is this month, with rebates and in-store coupons. That sounds good—in-store coupons are great for Walmart and Home Depot because they drive consumers into these big-box stores where they buy all sorts of other stuff—but they're not so good.

The other big problem with the current Ontario Power Authority plan is that these programs will be delivered by your local distribution company, which is jargon for your local power utility: Hydro One, Toronto Hydro, Ottawa Hydro. Unfortunately, 80% to 85% of the energy consumed in homes in Ontario is gas or wood or oil, not electricity. We can't really depend on the local distribution companies to help 85% of the market, because it's not really their market.

If you move on to the next slide, you'll see home energy performance reports. You may recall—and I was going to address the official opposition here, but it seems to have left the room—that home energy labelling received all-party support in the Legislature a number of years ago. It no longer receives all-party support. I think it receives one-and-a-half-party support because it has not been enacted, despite the fact that it's part of the Green Energy Act.

In Europe, home energy labelling has been mandated since 2004. In France, as of this month, no real estate asset can go on the market, be announced, without a label saying, "This house"—or this apartment, if you want to rent—"consumes a little bit of energy or a lot of energy." It's really very much a consumer protection act. It will also, of course, dramatically reduce energy consumption and increase employment in every community across Ontario.

Certified energy advisers: We now have thousands of them in Ontario. Many of them are looking for other jobs with the phasing out of the program. We'll see. I keep telling them, because we have 30 who work with us, that the market will come back—sooner, we hope, than later.

One of the reasons that we know that the market will come back is that, in California, which is about a decade or two ahead of us, the research has shown—and I think last year I presented to many of your colleagues similar kinds of data, which unfortunately is not available in Ontario. We don't really have any good idea of how many jobs are generated in Ontario because no one is paying adequate attention to it. But if we base the Ontario situation on California, we could project about 15,000 new jobs per year in Ontario through energy efficiency upgrades, which I think all parties would certainly support.

So, getting down to the little scorecard here: We're giving a green "good." HST on energy bills is a good thing. It may be tough for people like Michelle—by the way, Michelle is spending about \$150 a month on her power bill. That's way too high. She should be benefiting

from the same kind of program that we deliver to Ontario Works recipients that enables them to reduce their power bills, but unfortunately ODSP people aren't qualified.

Am I getting close?

The Chair (Mr. Pat Hoy): Yes, you have a minute and a half.

Mr. Dana Silk: A minute, okay.

The Chair (Mr. Pat Hoy): No, a minute and a half.

Mr. Dana Silk: Smart meters and time-of-use rates—also very good things, although they're going to take some adjustment to get used to. Home energy labelling: again—I think I've covered that—a very good thing.

A 10% rebate on power bills is not such a good thing. Most of that money is going to reward people who don't really need to be rewarded for using more electricity. It's not really the best thing to promote energy efficiency.

The Ontario Energy Board needs to be reformed. Again, it's a little out of date. The Ontario Power Authority really needs to have a good look taken at it. The Ontario Municipal Board, in terms of its decisions, also needs to be reformed.

Let me conclude by noting that over the last year, EnviroCentre has invested in a new demonstration project in this old brick house in Ottawa. There are hundreds, thousands, probably tens of thousands like it across the province. It had a 43-year-old boiler. It had enormous air leakage. It had no insulation in the walls. We retrofitted this in a cost-effective way, reducing the energy consumption by about 80% despite the Ontario building code, which basically says to people who want to do something, "It's okay if you don't do anything." That's why thousands and thousands of houses across Ontario aren't being retrofitted: because the Ontario building code is archaic and needs to be drastically brought up to date.

The Chair (Mr. Pat Hoy): Thank you. We'll go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Dana, thanks very much for the presentation. It's an unfortunate matter that you have to bring before us.

If, in fact, the program were to be continued, what sort of annual expenditure would we be talking about?

Mr. Dana Silk: Less than the amount that's being invested in the clean energy benefit—way less.

Mr. Peter Tabuns: Can you be more precise?

Mr. Dana Silk: No, I can't. I'm sorry. But I'm sure the minister could provide you with that number.

Mr. Peter Tabuns: Sometimes I get those numbers, but not always.

If in fact the program is shut down, what impact will that have on the people whom you have assembled and trained to do this kind of work in Ottawa?

Mr. Dana Silk: Well, they're looking for other jobs. It's quite sad.

When we started the program 12 years ago, at the federal level, we did hundreds of energy evaluations a year when there were no grants. When Jean Chrétien introduced grants back in the good old days, when Canada was going to do things at Kyoto and that kind of

thing, the number of evaluations just in Ottawa went up into the thousands. When Ontario came on board, it went up even more. So we suspect that it will go back down to hundreds. In fact, maybe even less, partly because people are going to—you know, we've sort of picked the low-hanging fruit. The people who want to do this kind of thing have already done that, so we've kind of lost that market. Then we've got the other market, people driven by money who just want more grants, and if there are no grants, they're not going to do it. Plus, there's this sort of bitterness out there: "Oh, it's another government program that's come and gone."

So it's going to be tough, unless, of course, all parties in the Legislature support, in their election planks or whoever gets elected, mandatory home energy labelling as a consumer protection initiative in Ontario that will generate employment right across the province.

Mr. Peter Tabuns: Do you have an estimate of the total reduction in electricity consumption or reduction in greenhouse gas emissions from gas-fired and oil-fired heating systems that results from the work that you've done?

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Mr. Dana Silk: Yes. The last time we did that, which was about a week ago for the home show, we're talking on average about three tonnes per home. You may recall that about five years ago, the federal government—

Mr. Peter Tabuns: The One-Tonne Challenge.

Mr. Dana Silk: Yes, the One-Tonne Challenge. Everybody thought that was terrific, so we're getting up to at least three times as much.

I give a lot of presentations at home shows and events like that, and one of the big ones is, "Beat the HST on your power bill." It's really easy. The HST is only 13%. It's a socially progressive tax and it's really easy to reduce your power bill by 15% to 20%—really easy. If you're really aggressive, you get it up to a 20%, 30% or 40% reduction. So if we want to do these things and create jobs right across the province, we can.

Mr. Peter Tabuns: I understand the number per household. Is there an aggregate number on all the households you've done on electricity saved and greenhouse gas emissions avoided?

Mr. Dana Silk: Again, off the top of my head, if you took the three tonnes and multiplied it by 15,000, we're getting close to—that works out to be a lot, anyway.

Mr. Peter Tabuns: Right.

Mr. Dana Silk: And it could be a lot more.

Mr. Peter Tabuns: Okay. The programs that are replacing you: coupons that can be redeemed at Walmart and Home Depot, and there's a rebate program that you mentioned as well.

Mr. Dana Silk: There's the rebate on the power bills.

Mr. Peter Tabuns: And that's it?

Mr. Dana Silk: That's it.

Mr. Peter Tabuns: So your sector is being eliminated—

Mr. Dana Silk: Eliminated? I wouldn't say that. Our sector is being ignored in favour of other sectors that are a little more popular.

Mr. Peter Tabuns: It's being de-funded, and the funds that used to go to you are going to coupons for Walmart, Home Depot and others.

Mr. Dana Silk: What we have been suggesting is that, okay, phase out the grants, replace them with mandatory home energy audits from a consumer protection point of view, and the market will drive that at no cost—other than a little bit of political cost, knowing a few real estate agents—to the provincial treasury. That's what we need to have happen in Ontario. So it's not a question of funding home energy audits; it's simply a question of enacting the legislation.

Mr. Peter Tabuns: Okay. Thank you. I don't have any other questions, but I appreciate it.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CHAMPLAIN HOSPICE PALLIATIVE CARE PROGRAM

The Chair (Mr. Pat Hoy): Now I'd ask the Champlain Hospice Palliative Care Program to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning, coming this round from the government. I'd just ask you both to state your names for our recording Hansard, and then you can begin.

Dr. Kathy Logsdail-Downer: I am Dr. Kathy Logsdail-Downer, executive director of Friends of Hospice Ottawa.

Ms. Jocelyne Contant: I'm Jocelyne Contant, the interim program manager for the Champlain Hospice Palliative Care Program.

Good morning, Mr. Chair and distinguished committee members. On behalf of the many health care providers in the Champlain region and of our collective clients, we thank you for the opportunity to present on important issues pertaining to health care and in particular to community and residential hospice services.

Although today we will concentrate on hospice, our concerns are fundamental to Ontario's and Champlain's health care systems, to the quality of care provided and to the system's sustainability. We are intimately aware that exponential increases in cost are threatening health care and we are also aware that some cost control measures are understood. For example, we know that expenditures are highest during the last years of life, particularly when people are living with multiple chronic conditions and diseases. In fact, these are the same people who make up the client and patient base of hospice and palliative care services. We also know that over the years, focus on palliative and end-of-life needs has partially been thwarted by our culture, which so often perceives death with discomfort and views it as a failure of science rather than the culminating stage of living.

However, as our health system providers gain an improved understanding of chronic disease management and its many challenges, the needs of those at the end of the chronic disease continuum are being better analyzed and better understood. Indeed, hospice palliative care has now garnered the knowledge and skills necessary to effectively and compassionately care for people with progressive incurable illness. It can do so in a manner that not only improves the quality of their lives, but that also improves the system's cost-effectiveness.

One key component in the related spectrum of services is hospice care, which includes residential in-hospice or in-patient services for end-of-life care—that is, in the last few days and weeks of life; and community-based and home-based hospice support services. These elements complement those offered in acute palliative care units and those provided by community and hospital-based palliative care specialist consult teams, by family physicians and home care, amongst others.

Today, in Champlain and throughout Ontario, a lack of adequate hospice residential and community services results in unnecessary emergency room visits, in admissions to hospital beds, and in deaths of people in acute care hospitals, at great inconvenience and burden to patients and their families and at high expense to the system. We are, in fact, underutilizing a clinically proven, cost-effective approach to serving a growing number of individuals.

Although similar circumstances are found throughout Champlain, we will use Ottawa as an example to clarify the fiscal issues, impacts and requirements. In the year between April 2009 and March 2010, 458 patients at the Ottawa Hospital were accepted for admission to a palliative care unit or residential hospice bed, since they no longer needed acute care and would be more appropriately served in those settings. On average, these same individuals waited 7.2 days for a transfer. A conservative cost estimate for caring for people with these levels of care in an acute care bed is \$1,000 per day. Thus, those services for those same 458 people cost approximately \$3.2 million during that year in question. Meanwhile, the cost of hospice care amounts to approximately \$460 per day per person, or, for that same group of 458 patients, approximately \$1.47 million. Had these individuals promptly accessed hospice beds, the system would have saved \$1.73 million in that year alone.

In this case, it should also be noted that 160 of those patients were never able to access a hospice bed and died in acute care, a setting where costs are high and where the provision of quality end-of-life care is a big challenge.

In a second example, between April 2007 and March 2008 at the Queensway Carleton Hospital, a large community hospital in Ottawa's west end, 59 people were referred to a hospice or palliative care unit; 28 of those people died while waiting for bed availability. These individuals waited an average of nine days from application to discharge or death, representing 450,000

acute care dollars, compared to a potential \$248,000 had the people been in hospice care.

Furthermore, even more people could benefit from hospice services and reduce acute care costs if we were able to identify a patient's palliative care needs in a timely fashion. Some people who remain admitted to a medical unit of an acute care hospital would have been served more appropriately within a hospice palliative care framework. For example, at Ottawa's Montfort Hospital, a cross-section study conducted over eight days showed that 39% of the patients in the medical unit were indeed palliative, related to cancer or non-cancer diagnoses. If these patients could have accessed hospice beds, the system would have reduced its costs significantly.

Another impact of inadequately resourced hospice services can be felt in the emergency departments, where people at the end of life often seek care, thereby unnecessarily increasing wait times for everyone. In a recent study of 262 consecutive cancer patients who visited the emergency department at The Ottawa Hospital within two weeks of dying, 45% were admitted to acute care because of inability to cope at home, and 56% because of poor pain and symptom control. Many, if not most, could have been spared an emergency department visit had there been sufficient hospice and palliative care beds for respite, for rebalancing or for longer-term care.

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A much-larger-scale study in Ontario between 2002 and 2005 showed that over 76,000 of the 91,000 patients who died of cancer made more than 194,000 visits to the emergency department during the final six months of their life; furthermore, more than 31,000 made more than 36,000 visits to the emergency departments within the final two weeks of their life. Many of these visits may well have been avoidable if appropriate hospice beds, palliative care units, home care support, early preparation and advance care planning had been available.

Given the current gaps, people in need of hospice care have little choice but to reach out to emergency departments. Residential hospice services would provide high-quality care by professionals and qualified volunteers, thereby mitigating the burden on families caring for loved ones at home and removing the stress and system impact of emergency visits. Thus, we know that people and the health care system will do better with more and improved residential hospice services.

But how much more is required? Dr. Konrad Fassbender, working in the renowned Alberta palliative care system, reports that hospice days rose in his jurisdiction from zero in 1994 to 28.6 in 2000, and that, along with other enhancements in community palliative care, this addition of hospice beds curbed the cost of acute care and balanced the overall cost of palliative and end-of-life care for over 16,000 patients that they studied. In 2006, the same Dr. Fassbender conducted a review of the palliative- and hospice-bed needs in Ottawa and concluded that the Ottawa area required between 66 and 88 hospice beds. In 2011, people in this area have access to nine: a significant gap.

An Ottawa transition committee of local hospice service providers and the newly formed Champlain Hospice Palliative Care Program are bringing together key stakeholders to establish a system design for hospice services that is intended to stretch the available funding dollars to offer more beds and improved care. Nonetheless, fundamental problems remain. Investment is insufficient to even maintain the current level of service, let alone finance growth.

This financial inadequacy is compounded by an outdated public health care funding formula. Only 20% to 40% of the daily costs of operating residential hospices are financed through the public purse—20% to 40%. The remaining 60% of operational costs are covered through charity and fundraising. This arrangement is neither appropriate nor sustainable. To be sustainable, we know we must control our health care costs, and must do so while improving the quality of care and the experience of clients. Community and residential hospice services are crucial along the continuum of care and are prime services for showcasing effective means to reach health care system objectives.

Furthermore, Champlain offers a unique opportunity to further develop these means: We are the first in the province to establish a regional hospice palliative care program. This speaks loudly to our collective capability and collaborative nature to solve the crisis in health care that is the current state of community and respite services in Ottawa, in Champlain and throughout the province.

In the capital city of Ottawa, a proper residential hospice services program would cost about \$5.6 million, bringing with it, however, a savings of at least three times that amount. We urge the committee to facilitate the required changes to the funding formula for community and residential hospice services and to foster, through the provincial budget deliberations, enhanced funding in Champlain and throughout Ontario for these important, cost-effective services.

Thank you for this opportunity, and we will be happy to respond to questions.

The Chair (Mr. Pat Hoy): Thank you. We'll move to the government and Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Kathy and Jocelyne, for being here this morning and for your presentation—a really, really thorough presentation, and we appreciate that. There are a lot of numbers that are going to take some second looks.

Some numbers did stick with me. For patients in palliative care, seven to nine days' wait is too long, absolutely, and they don't belong in an ER, so thank you for that.

You mention at the beginning of your presentation about sustainability and that you understand that control measures are understood. I thank you for that comment, because it is about that fine balance and how we maintain that sustainability.

You also talk about chronic disease, which focuses on the prevention end, which is what this government is doing in investing in the ALC strategy, alternate levels of

care. You talk about the prevention piece, and then you talk about the palliative care, so that whole continuum of care. I guess what I'm getting to is, that's a lot, right? That's a huge spectrum.

You say there's a lack of adequate hospice residential and community services. I'm going to come back to later in your presentation and ask you to itemize what that entails, because we've heard across the province what that means to different communities with different demographics in the province, and it's very important that we understand what that means here in the east and in Ottawa. Are we talking capital dollars, are we talking operating dollars or are we talking training? What exactly are we talking? I'll come back to that.

We have heard the \$1,000-a-day number consistently. Thank you. We've heard that loud and clear, and that we have to move patients out of hospital.

I had a question—I think you answered one of my questions—on page 3, where you talk about, "Many of these visits may well have been avoidable if appropriate hospice beds, palliative care units, home care support..." Are these the actual itemized things that you're asking for continued support for? Secondly, would that mean more training? Because we've heard, again, from colleges, from different organizations across the province and from hospitals that may engage in some sort of training support or partnerships or whatever.

Dr. Kathy Logsday-Downer: I'll begin by saying that this has been a very historic week for us in the Ottawa area, with yesterday's Ottawa Citizen, on the front page, "Dying with Dignity," and on the front of section 3, the Champlain local health integration network approving more hospice beds. We have come together, the primary stakeholders in Ottawa being the Hospice at May Court, Friends of Hospice Ottawa and Bruyère Continuing Care, to work on a collaborative plan that would show a single entity of governance and administration that is first, again, proposed in the province and has been approved under the regional plan.

Currently, we have nine beds; there should be a minimum of 66 to 80. We have community support services in the west and central parts of Ottawa.

This plan, approved on Wednesday by the Champlain LHIN, will bring an addition of 30 beds plus a bit of a reconfiguration of Bruyère service capability, and expand the community support across the city.

The training aspect of it is something where we will be working very closely with the regional plan to set in place best-practice standards and consistent training. Our Ottawa proposal is looking initially at placing some proper palliative care within existing facilities, and the training levels are higher than those, for example, currently in long-term-care or retirement homes, so there will be training components to optimally care for that need.

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Ms. Jocelyne Contant: May I just add, perhaps—you mentioned capital. We're trying very hard not to have to invest in capital but to share space, to look for space in

existing kinds of situations, either in long-term-care homes or residential facilities or wherever, recognizing that any monies we get need to be focused on the services that are actually being provided to the clients.

Because we are working in a very collaborative manner, we feel confident that we will be able to do that, providing we can find some operating money, which is what this is all about, for the beds that Kathy has alluded to.

Ms. Lisa MacLeod: Chair, if I just may: These folks do incredible work. I wanted to point that out. I work with them in our community. One of the biggest things they just said to Ms. Pendergast was “dying with dignity.” I just wanted to reiterate how important that is. I want to congratulate them for doing excellent work in our community.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

GREATER OTTAWA HOME BUILDERS' ASSOCIATION

The Chair (Mr. Pat Hoy): Now I call on the Greater Ottawa Home Builders' Association to come forward, please. Good morning. You have up to 10 minutes for your presentation. There could be up to five minutes of questioning, coming from the official opposition in this round. Just simply state your name for our recording Hansard and you can begin.

Mr. John Herbert: John Herbert. Mr Chairman, members of the committee, good morning. As I mentioned, my name is John Herbert. I'm the executive director of the Greater Ottawa Home Builders' Association. I've been in the urban growth field one way or another for about 40 years. I've worked in municipalities across Canada, federally and internationally, for both government and the private sector.

The Greater Ottawa Home Builders' Association is the second-oldest home builder association in Canada and this year is celebrating its 60th anniversary. We are the voice of the residential construction industry in Ottawa. We have about 340 members representing every aspect of the residential construction industry. Our members were responsible for producing approximately 90% of the homes in Ottawa; last year, that was about 6,500 units.

We collectively employ about 30,000 people in high-quality, high-paying jobs, and we pay out about \$1.4 billion in wages annually. We also contribute about \$150 million annually to the province in the form of PST and HST. Given the fragile state of Ontario's economy right now, we believe that the residential construction industry remains a very stabilizing force. We work together with the Ontario and Canadian home builders' associations, which jointly comprise one of the strongest and most reliable pillars in the Canadian economy.

This last year has demonstrated the resilience of the industry. Our housing starts came back about 11% over what they were in 2009, which was a very bad year. Certainly, compared to other sectors in the economy,

especially to those in the housing markets in the United States, the residential construction industry has served as a really solid economic anchor in the province.

Despite all that, we are increasingly concerned about unemployment. Ottawa's economic base is the federal government, and any time there is an election or there is a deficit reduction program in Ottawa, our economy suffers very dramatically, particularly the housing industry. When federal civil servants don't know whether they're going to have a job or if it's going to be transferred to another area of the country, they simply stop spending—spending on anything, including major acquisitions such as homes and automobiles. The same thing goes during deficit reductions. There are thousands of jobs that are cut. The last time we had a serious deficit reduction problem was the period of Prime Minister Chrétien, with Paul Martin as finance minister, in the early to mid-1990s. We suffered very severely during that time. Many of our builder members went bankrupt. Many of our trade suppliers went bankrupt. We've only just recently really recovered from those serious negative days, so we remain concerned about what's going to happen in Ottawa as the federal government has to come to grips with the significant amounts of money that were spent over the past couple of years to fight the recession that the world found itself in.

That's why we're strongly recommending that the provincial budget continue to focus on employing people and generating new jobs. One of the ways to do this is in core infrastructure. We're focusing our comments today on three areas: transit, underground, and intellectual and economic stimulation.

On the transit front, we're very thankful for the millions of dollars that the province is contributing to Ottawa's new LRT program. We simply ask that the province, together with the federal government, keep a close eye on the city of Ottawa and how they handle this project to make sure that it does not vary in any significant way from what has been proposed and what the funding was based on.

We have a number of other areas that I've noted here in the document, small transit projects that we believe are important for the area: the extension of Earl Armstrong Road from Limebank Road to Bank Street; the extension of Hope Side Road from Terry Fox Drive to the 417; the extension of Hunt Club Road in the east end to connect to Highway 417; and the widening of Carling Avenue from Nortel.

The last one is a mention of the outer ring road. This was an issue that came up during the last election. We believe that this is a critical element in Ottawa's long-term future. Even if we started acquiring a right-of-way today—which is what we would like to recommend—it would probably be 20 to 25 years until the court cases involved in the land acquisition side were all resolved, and then it would likely take another 20 to 25 years to actually build the road. So even if we started tomorrow, it would probably be 40 to 50 years until a ring road in Ottawa was actually in place. We believe it's critical to

our long-term economic success. Every major city in the world that has succeeded economically has an outer ring road.

In terms of underground, the city of Ottawa adopted an intensification policy in their 2003 official plan. In simple terms, this is intended to force growth up rather than out. The problem is that a lot of the underground infrastructure in Ottawa's city centre is obsolete and incapable of handling intensive redevelopment at higher densities. I appeared before Minister Chiarelli's infrastructure committee as it was travelling the province and I'm doing, really, the same thing here today, which is recommending that significant amounts of money are required to replace Ottawa's inner-city underground in order to ensure that its policy of intensification can, in fact, be implemented properly.

The last item, intellectual and economic stimulation: Up until the high-tech bubble burst in the early 2000s, Kanata was able to brag that it had more high-tech research and development than all other areas in Canada combined. Unfortunately, venture capital became increasingly more difficult to acquire, and the recent world economic recession has further hammered that sector. We believe that there's tremendous R&D horsepower there, intellectual horsepower, that could be redirected to other files, particularly the environment file and the energy file. Ottawa is unique in that it is the home of the federal government. We believe that the province could do joint ventures and investments with the federal government, with the city of Ottawa, to develop new technologies relating to both environment and energy. So we would strongly encourage the province to consider investing in Kanata North—the whole research and development engine of this area. If you wanted to invest in something other than the federal government in terms of employment and economic generators, that high-tech sector is the way to go.

So core infrastructure funding for roads and R&D, we believe, is really the top priority in this area.

In terms of HST, we were very pleased with the changes that the government made to the initial proposals as it related to housing. You probably know that the threshold was increased to \$400,000 now, but we believe that even at a \$400,000 threshold for new homes, it has a serious economic impact on the industry. Just to give you some idea now, in Ottawa, the average price of all new housing types is about \$365,000, and the average price of single-family dwellings alone is \$460,000. Due to land shortages and the consequent price increase that we've been seeing over the past decade, where single-family now represents only 40% of the total housing production, I think it's safe to say that at least 50% of all new homes in Ottawa already exceed the \$400,000 HST threshold.

On the renovation front, we have serious concerns that the cumulative 13% sales tax burden is really hammering the renovation industry. I know a lot of our members' businesses are down 40% to 50% since the HST was implemented, as homeowners have really flown to the underground economy in mass numbers.

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The residential renovation sector in Ottawa counts for about \$2.3 billion in investment and supports about another 23,000 people in the city, so it is a very significant economic generator as well. The Altus Group estimated that the underground renovation contracts represented about \$270 million in unreported economic activity just prior to the implementation of the HST, and we think that this number has probably grown very significantly since that time.

This isn't really a small matter that can be swept under the rug. Many illegitimate businesses are vacuuming up millions of dollars in the underground economy. The implications of this are profound, and I'll just note a few of them here. The health and safety standards of workers are not likely to be met in the underground economy. Warranties are generally non-existent. Consumers suffer, with little or no recourse in the event of shoddy or unsafe workmanship. All levels of government, of course, stand to lose billions of dollars in tax revenues, and this is one issue that should be of the greatest concern to the province and the federal government.

Lastly, the city of Ottawa police department is very busy because the renovation sector has become a prime target for fraud, particularly with respect to many of the elderly. There are a lot of scams going on now.

The way around that, we believe, is for both the provincial and the federal governments to introduce a permanent home renovation tax rebate for their portions of the sales tax. The rebates could go directly to consumers to encourage collection of receipts from legitimate businesses. This would in turn create a paper trail that governments and the Canada Revenue Agency could utilize to track down and catch those who are trying to cheat the system.

Mr. Chairman, that really concludes the comments that I wanted to make to you today. I'd be pleased to try to answer any questions that any members might have.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you very much, Mr. Herbert, for your presentation today. I guess I'll start with where you ended off, that being the renovation sector. You've said that the HST is hammering the residential renovation industry, and you talked a bit about the underground economy and that you think the solution is a tax credit rebate on home renovations. Maybe you could talk a bit about that and how that would help capture that underground economy.

Mr. John Herbert: Basically, as I mentioned in my concluding comments, what it would do is create a paper trail that Big Brother could follow, Big Brother being the provincial revenue collection agencies and the federal revenue collection agencies. Right now in the underground economy, there is no paper trail; it's all cash, hand to hand. So it's very difficult for government taxation agencies to track down the companies and the people involved.

Mr. Norm Miller: I assume there's an incentive for the homeowner to request it, because if there is this tax rebate, they would want to get the receipt so they can take advantage of the tax—

Mr. John Herbert: Exactly right. Our experience is that most people don't want to operate illegally—I'm referring to homeowners; they don't want to become involved in illegal activities. But the way it is now with the increase from basically 5% to 13%, if you're doing a \$30,000, \$40,000, \$50,000 renovation, that's a significant amount of money.

Mr. Norm Miller: I assume it would also—there's probably a 25% cash advantage if you take away things like WSIB payments, the CPP, EI and the HST. All of a sudden, there's a pretty significant incentive to go the other way, too, into the underground economy.

Mr. John Herbert: My members tell me that it's up to 40%, that because of the combination of those factors, people who operate in the underground economy have up to a 40% advantage. So in a \$50,000 contract, if you can undercut your competition by 40%, that is a very significant amount of money and it's enough to sway homebuyers to go that route; whereas, if there was a rebate, it may not necessarily cover that whole 40%, but in our opinion, it would cover enough of it that people would not enter the underground economy. They would be prepared to eat 5%, 10% to remain above—and do things legally.

Mr. Norm Miller: A very good suggestion.

The other thing I wanted to ask you about is the effect of HST on new home sales. You pointed out that the average new single dwelling in Ottawa was \$460,000. In my own area of Parry Sound, I was talking to one builder who is in kind of the more high-end area, because it's waterfront in Parry Sound. It's a subdivision that he's built. He more or less said that sales stopped with the introduction of the HST, because in the case of the homes that he's selling, it's a \$50,000 additional cost. So there was a bit of a rush leading up to it as people tried to beat it, but then the door shut, essentially.

Do you worry about, as prices increase, what it's going to mean to new home sales?

Mr. John Herbert: Yes, absolutely. That's why in my document I mention that we would really like to see and we think it would be helpful for the threshold to be increased to about \$525,000 from the current \$400,000. If that was done, even over time—it doesn't necessarily have to happen immediately, but if it was phased in over a period of, say, five years—that would really help to mitigate against that particular problem.

This has existed with the GST now for many, many years. When the GST was implemented, I don't know whether all the members of the committee realize that the federal government said they would index the GST, not to worry. But in fact they never did it, and so nothing has been done to assist the economic impact that that had over that long period of time. We believe that this could be done now with the HST.

Mr. Norm Miller: Lastly, you were talking about a need for underground infrastructure, especially in the inner city. I assume that's water, sewer; and maybe you could tell me what else it is. Has there been much investment? I would tend to think that the municipalities, when they get infrastructure money, tend to focus on the sexy projects, whether it be a new arena or recreational buildings, and not necessarily those things that people don't even see but are important to the economy.

Mr. John Herbert: Exactly right. This has historically been the model in Ottawa: to build visible social projects rather than hard underground projects that nobody ever sees. At least once every winter we hear that a sewer from the era of John A. Macdonald collapsed. That's to give you some idea of how old a lot of the infrastructure in the inner-city core of Ottawa really is.

They're demanding that we intensify, but the dollars involved in sewer and water underground systems are massive, and they simply cannot support the degree of intensification that the city is demanding.

Mr. Norm Miller: Thank you very much.

The Chair (Mr. Pat Hoy): And thank you for your presentation.

OTTAWA REAL ESTATE BOARD

The Chair (Mr. Pat Hoy): I'd ask the Ottawa Real Estate Board to come forward, please. Good morning. You have up to 10 minutes for your presentation. The questioning in this round will come from Mr. Tabuns of the NDP. If you'd just state your name before you begin.

Ms. Linda McCallum: My name is Linda McCallum. Good morning, and thank you for the opportunity to participate in this committee's consultations around the 2011 Ontario budget. My name, as I said, is Linda McCallum, and I am the chairman of the Ottawa Real Estate Board's government and community relations committee. Joining me today is Alison Larabie Chase; she is OREB's communications officer.

By way of background, the Ottawa Real Estate Board is one of the region's largest trade associations, with over 2,600 member real estate salespeople and brokers.

I would like to turn to our recommendations for the 2011 Ontario budget. They focus on three areas: personal real estate corporations, brownfield remediation and the creation of a marijuana grow operations registry. All are important to our industry and the real estate sector in Ontario. Each recommendation is fiscally prudent and has support from a variety of stakeholders.

To begin, OREB requests that the government of Ontario initiate the necessary legislative changes to the Real Estate and Business Brokers Act, 2002, or REBBA, to allow real estate salespeople to incorporate. At present, registered salespeople are prevented from incorporating by two facets of REBBA, 2002. First, REBBA, 2002, does not permit the licensing of personal corporations under the act. In addition, REBBA, 2002, does not permit a broker to pay commission to an unregistered entity. So while a salesperson could form a personal corporation,

they could not receive their commission through that corporation.

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OREB believes there are sound public policy reasons for permitting personal real estate corporations. First, allowing real estate salespeople to incorporate would give them the same business opportunities afforded to members of other regulated industries. Most regulated professionals, including chartered accountants, certified general accountants, lawyers, health professionals, social workers, veterinarians, architects and engineers, gained the ability to incorporate through the Business Corporations Act in 2001.

REBBA, 2002, did not come into force until 2006. As a result, when the Business Corporations Act was passed, it did not consider real estate salespeople in the professional incorporation provisions of that act. While other professions enjoy the benefits of incorporation, real estate salespeople are unfairly denied this important business tool.

Second, personal real estate corporations would help real estate salespeople cope with the introduction of the harmonized sales tax. While some businesses have benefited from the introduction of sales tax harmonization, real estate salespeople have not. This is because the majority of a salesperson's business inputs, including advertising, gasoline, car insurance, accounting fees, legal fees and home staging, were exempt from the provincial sales tax prior to July 1, 2010. As a result, the amount of additional input tax credits a realtor can claim is limited to a select number of expenses, making sales tax harmonization not overly beneficial.

As a professional trade association, OREB consistently supports high industry standards and strong levels of consumer protection. For this reason, our proposed method of implementing personal real estate corporations will not reduce consumer protection. Similar to other regulated industries, OREB's proposal would not permit salespeople to limit their professional liability through incorporation. Indeed, OREB maintains that personal real estate corporations should only allow salespeople to benefit from the tax considerations given to corporations.

Personal real estate corporations have been successfully implemented in British Columbia and are presently going through the implementation process in Quebec. We hope that both of these provinces will act as a model for Ontario as we progress toward the release of the 2011 budget.

Personal real estate corporations are an issue our association has worked on for over five years. To this end, our provincial association, the Ontario Real Estate Association, or OREA, as it is known, has engaged in consultations with both the Ministry of Consumer Services and the Ministry of Finance on how to achieve the necessary changes to allow our members to incorporate.

More recently, during OREA's political affairs conference, realtors, including OREB members, met with

over 80 MPPs to discuss this issue and to seek their support. We are happy to report that the overwhelming majority of MPPs and ministers expressed support for our proposal.

To sum up, allowing real estate salespeople the ability to incorporate is good public policy. It would give our profession the same rights given to most other regulated industries in the province of Ontario and end the current tax discrimination against real estate salespeople.

Our second recommendation for the 2011 Ontario budget focuses on brownfield remediation, with the goal of promoting more brownfield redevelopment, revitalizing communities and creating jobs.

Did you know that over 12,000 brownfield sites, representing hundreds of millions of dollars in property value and much more in economic potential, sit idle across the province of Ontario? A local example is the former Lees Avenue campus of Algonquin College, which now sits vacant.

Brownfields are typically older, contaminated industrial properties. Often, brownfields are assessed based on values of other industrial properties, resulting in property taxes that are significantly higher than other tax classes, despite the fact that most properties generate no income at all.

To redevelp these properties, owners must overcome tremendous financial and regulatory obstacles. This problem is further compounded by the lack of upfront government support for brownfield property remediation.

While municipal and provincial incentives for brownfield redevelopments exist, the funds are not available to the developer until redevelopment has been completed. Similarly, financing for remediation is also not available until the remediation process has been completed. This leaves brownfield owners the responsibility to fully fund redevelopment, despite the fact that it brings numerous benefits to communities.

OREB therefore recommends that the provincial government amend Ontario regulation 282/98 of the Assessment Act by adding a new tax class for brownfield properties that are under remediation. Brownfields that are classified as under remediation should pay tax rates at the same level as agricultural land or greenfields.

If adopted, our proposal would provide financial assistance to owners during the most expensive phase of redevelopment: remediation. More importantly, our proposal would act as an incentive to owners to begin that remediation process.

OREB recommends that brownfields be classified as under remediation if a phase 1 and phase 2 environmental site assessment has been conducted and the owner of the property can provide proof via a qualified person's validation that they are implementing a remedial strategy. If adopted, the Canadian Brownfields Network estimates that a typical brownfield owner in Ontario would save over \$200,000 annually in property taxes.

Lowering property taxes on brownfields will encourage more redevelopment, which has a number of benefits for municipalities, the province and Ontarians.

For example, brownfield redevelopment creates jobs, revitalizes communities, is in line with existing provincial policy, promotes infrastructure renewal, and expands both the municipal and provincial tax bases. Of particular importance is the expansion of the municipal and provincial tax bases.

Although a new assessment class and the corresponding lower tax rates would cost both the province and municipalities money in the short term, these funds would be more than recouped through higher neighbourhood property values and expanded assessment roles.

OREA has actively engaged a number of stakeholders on this issue, including the Municipal Property Assessment Corp., municipal brownfield coordinators and the Ministry of Municipal Affairs and Housing. In addition, when Ontario realtors met with MPPs during our political affairs conference on this proposal, the response was overwhelmingly positive.

We urge the government of Ontario to include this important policy proposal in its 2011 budget.

The Chair (Mr. Pat Hoy): You have about a half a minute left for your presentation.

Ms. Linda McCallum: Wow, okay. Sorry.

Our final recommendation is in regard to the grow op registry. Creating a registry for former marijuana grow operations using the land title system was captured by MPP Lisa MacLeod's private member's Bill 139, the Clandestine Drug Operation Prevention Act, 2010. OREB and OREA support Bill 139 and encourage the government of Ontario to use it as a template for proceeding with the creation of a province-wide registry.

The Chair (Mr. Pat Hoy): Thank you. We'll go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Thank you very much for coming down and making this presentation today. Because you ran out of time there, I'd like a bit of an expansion on the grow op issue: what it would cost to set up the registry and precisely what benefit Ontario and individual homeowners would gain from that registry.

Ms. Linda McCallum: Okay. Right now, it's a very prevalent issue. Just two weeks ago, police discovered a grow op in a home not far from here in the town of South Mountain, where 2,850 marijuana plants with a street value of \$2.8 million were discovered.

Typically, when there is a grow op, the houses are left as what we would call sick houses: the black mould and the structural issues that come from that. The fact that in most of these cases they actually illegally tap into the hydro line and steal hydro from the grid—that's another facet of it all. But if I'm a homeowner and I've been renting a property for a long period of time, the process to go through remediation may seem daunting. In some cases, they just go in and do a cosmetic fix—

Mr. Peter Tabuns: Paint over the mould.

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Ms. Linda McCallum: They paint over everything and sell it, and the new owners don't even know about it until they've lived there six months and all of a sudden there's asthma and breathing and serious issues that they

have to have investigated, and they discover it was a grow op. The registry would actually put it on the Land Titles Act, and it would involve having the property inspected, having work orders put out. When the work orders were actually dealt with in the remediation process, those work orders would come off of land titles. It would only be visible to mortgage lawyers and real estate agents who contract to have access to Teranet. But it would give a three-stage approach to being able to do due diligence in order to make sure that some of these homes are actually remediated, not just whitewashed and put back out again.

It won't actually add, to the best of my knowledge, much in cost, because the province already has the relationship with Teranet; it's already under contract. We saw a presentation of this well over a year ago through Teranet. But the benefits certainly outweigh whatever minimal cost it could add to protect these families.

Every day, we come across homes that are suspected as grow ops. We call the police to find out. If there hasn't been a charge laid, they have nothing to share. We call the city to see if there have been any work orders; they tell us that they can't share that information with us. It's actually costing potential homeowners thousands of dollars more because they have to hire environmentalists, when there's a suspicion, to go in and see if there's any black mould or any of the other issues that often come with when they butcher these structures to create grow ops out of them. It's a really big problem, and the only way to stop it is to prevent them from being able to whitewash over that issue and make it a remediation, clean it up, put it on land titles so everybody knows.

Mr. Peter Tabuns: Do you have a sense of how many houses in Ontario every year?

Ms. Linda McCallum: I know that I was told by the Ottawa police force representatives that there are between 400 and 500 grow ops or clandestine labs working in the city of Ottawa at any given time.

Mr. Peter Tabuns: Alone? It gives me some sense of the scale of the problem. It's pretty large.

Ms. Linda McCallum: It's very large.

Mr. Peter Tabuns: And the brownfields: Do you have a calculation as to the cost of the forgone property taxes in that period that you're describing? I understand the logic of the argument you're making; I can follow that. What kind of cost would we be looking at initially for the cities and the province?

Ms. Linda McCallum: I know that we don't have those exact numbers. But we do know from the studies that have taken place that once that land has been redeveloped—and perhaps they'll put condominium units up on it now—between the added assessment rolls and the increase in value and then the rejuvenation of the immediate neighbourhood, I would assume that we wouldn't be too far off in guesstimating three to five years for recovery, and then added income straight after that. That's my guess; I don't have the stats to back it.

Mr. Peter Tabuns: Okay. I don't have further questions, but thank you.

Ms. Linda McCallum: Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

IMPERIAL TOBACCO CANADA

The Chair (Mr. Pat Hoy): Now I'd ask Imperial Tobacco Canada to come forward, please. Good morning. As you might have gathered by now, you have up to 10 minutes for your presentation. The government will be asking the questions in this round. I'd just ask you to identify yourselves for the purposes of our recording Hansard.

Ms. Penela Guy: My name is Penela Guy. I'm director for government and regulatory affairs at Imperial Tobacco Canada.

Mr. Mario Tombari: Mario Tombari, director of taxation, Imperial Tobacco Canada Ltd.

Ms. Penela Guy: Thank you for giving us the opportunity to speak to you today.

To begin with, I would like to say a few words about Imperial Tobacco Canada. Established in 1908, Imperial Tobacco Canada is Canada's leading tobacco company. Our head office is in Montreal, and we employ 650 employees across Canada.

First off, let me start by saying that we do recognize that there are serious health risks associated with the use of our products and we believe in conducting our business responsibly. We believe that kids should not have access to or consume tobacco products. We've always supported efforts to meet that goal.

That said, I am not here today to discuss the rights and wrongs of smoking, but to discuss an issue that is undermining all of Canada's tobacco control goals. It's an issue that affects us all. Many of you may not really care about the impact that it has on a company like Imperial Tobacco Canada, but it is a problem that affects families, that affects communities and that affects our country. It's an issue that is costing your government billions of dollars, is destroying small, family-run businesses, and is negatively affecting First Nations communities. That issue is contraband tobacco.

I appreciate that most of you do not smoke and may not support smoking, but the issue at hand is not about smoking; it's about public health, public safety and the public treasury. It's also a rare case of the tobacco control community and the tobacco industry being on the same page and demanding government action. As recently as yesterday, the Ontario Medical Association made the recommendation to implement a comprehensive contraband control strategy.

Legally, we comply with over 200 laws and regulations, and that's fine, as long as these regulations are fair, reasonable and apply to all. Unfortunately, this is not the case today. A massive illegal trade has established itself in Ontario and is operating completely outside the law.

We can't ignore this problem. Cheap, illegal cigarettes produced by criminal organizations are being sold in

transparent Ziploc bags. These baggies do not generate taxes and they do not comply with any laws or regulations. Making matters worse, the money being made out of the sale of these illegal cigarettes is used to fund other criminal activities.

Today, more than one in three cigarettes smoked in Ontario is illegal. That's a little bit better than two years ago, when the market made up nearly 50% of the total cigarette market, but it's still much higher than that of other provinces, and it's pretty much at par with what it was in 2006.

The impact of contraband tobacco on Ontario revenues has been devastating. In 2008, Ontario's Auditor General estimated that the province was losing \$500 million due to this illegal trade, and that was based on the 2006 levels, which were about half the peak established in 2008, meaning that in later years, annual tax losses were more likely in the \$1-billion range.

This gets into the potential unintended consequences of tobacco taxation policies. Although tobacco taxes in Ontario did not increase significantly between 2005 and 2008, the impact of excessive taxation between 2000 and 2005 has opened the door for the illegal trade.

According to Physicians for a Smoke-Free Canada in a report published in April 2010, the level of contraband in Ontario increased from 1% to 42% between 2005 and 2008. To put things in perspective, in 2008, Ontario's contraband rate was even higher than that of Nigeria, Zimbabwe, Brazil, Colombia and Paraguay. This booming illegal trade actually led to a drop in government tobacco tax revenues from 2006 to 2009, bringing revenues below those of 2003, despite the tax increases and despite the fact that smoking stayed roughly at the same rates.

Moreover, a recent Fraser Institute study affirmed the link between high taxes and contraband, and reported that the goals of increased tobacco taxes, which are generally reduced consumption and increased tax revenue, are negated when there is an illegal market. The Fraser Institute report found that high taxes "create powerful incentives to buy and sell contraband tobacco products." Simply put, higher tobacco taxes led to lower tax revenue as honest citizens switched to black market products. And really, why would anyone pay \$75 to \$100 for 200 legal cigarettes when you can have the same amount of illegal cigarettes for as little as \$15 or \$20?

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The Canada Revenue Agency also conducted research recently which found that low prices are the main reason why kids are smoking contraband tobacco products. There have been many studies on that issue, but recently the Centre for Addiction and Mental Health found that contraband tobacco accounts for 43% of all cigarettes consumed by Ontario high school daily smokers.

Committee members, Ontario has a choice: If you hold the line on tobacco taxes, you can at least avoid exacerbating the massive illicit trade problem in this province. Please remember that with the introduction of the HST, you already raised tobacco taxes by ap-

proximately 8% this past July, resulting in a \$6 increase on the price of a carton of 200 legal cigarettes. Basically, that means that for the price of this pack of 25 cigarettes, you can get 200 illegal ones.

Therefore, to assist you with your deliberations, we respectfully recommend the four following things.

First, no more tax increases on tobacco. The impact of tax increases on the illegal trade is clear. Any further increases are a gift to the illegal operators.

Second, Ontario should work with the federal government and the First Nations communities to find a long-term solution to this crisis. That crisis has two root causes: high taxes, which we've talked about, and the failure of the federal government to shut down the illegal operators.

The RCMP reports that there are 50 illegal cigarette factories and over 300 smoke shacks involved in this illegal trade. The federal government has been negligent in acting on its commitment to shut down the illegal factories. We understand the political sensitivities around this, but it should not be an excuse for inaction. Ontario needs to loudly demand federal government leadership.

Third, the Ontario government needs to get the public engaged. Since 2009, the federal government has announced not once, but twice, a public awareness campaign which still has not seen the light of day. Ontario should demand that the federal government move forward or consider filling that void.

Finally, we invite the Ontario government to follow Quebec politicians' lead and be publicly outspoken on the seriousness of the contraband problem and the need to address it.

In closing, let me praise the law enforcement officers who are doing what they can to fight illicit trade, but their efforts are constrained by legislative frameworks and political sensitivities that are preventing more decisive action to arrest people involved in the illegal trade. You should also note that even with increases in the size and number of seizures, the RCMP readily admit that they are just capturing 2% of the tobacco being smuggled in this province every day.

It should be obvious that enforcement alone is not going to solve Ontario's illegal tobacco crisis. The measures proposed here will help, but ultimately Ontario, the federal government and the First Nations communities have to find a long-term solution.

Thank you for giving me the opportunity to speak to you, and I look forward to your questions.

The Chair (Mr. Pat Hoy): Thank you, and the questioning goes to the government in this round. Ms. Pendergast?

Ms. Leeanna Pendergast: Thank you both for being here and thank you for your presentation this morning. I have just a couple of points of clarification, and then I'm going to move to your three recommendations at the end of the presentation.

You started out by saying that children should not smoke. I thank you for that as a mom of three teenage boys, an educator of 25 years of high school students and

a principal in a high school. That was my life: those baggies and underage children who were smoking. So, thank you.

I wanted to talk about, just for a point of clarification and for my own edification: You said, "We comply with over 200 laws and regulations as long as these regulations are fair" and reasonable. Now, there's an English teacher in me that says you comply with it "as long as"—because then I went to page 7 in the information you provided: "In 2008, Imperial Tobacco Canada ... were convicted of violating the Excise Tax Act"—blah blah blah. So I just want some clarification here.

Ms. Penela Guy: We comply with all laws and regulations. We abide by all of them; let me be clear. It may have been a language issue—I'm francophone—so it's definitely not what I meant.

In terms of the pleading guilty to a regulatory offence under the Excise Act, that was in fact in 2008. It was with regard to the contraband issue back in the 1990s, which is a very different problem than what it is today, because today the problem is about illegal cigarettes being sold in transparent Ziploc bags and manufactured by groups that are linked to organized crime.

Ms. Leeanna Pendergast: Thank you. One more point of clarification, if you don't mind: On page 3 of your report you're saying, "The impact of tax increases on the illegal trade is clear," and you cited the Fraser report. Again, on page 9 of the information that you gave us, figure 3, the chart shows that, "There is no consistent relationship between tax rates and levels of contraband sales."

Ms. Penela Guy: No, it's been demonstrated that high taxes have created a market for contraband tobacco.

Ms. Leeanna Pendergast: So this is one of those, whether you look at the Fraser report or whether you look at this information that you've given us—it seems to be a debate? I mean, this is in the package you gave us, page 9. There may be nothing to say to it at this point, but—

Mr. Mario Tombari: Can I just expand?

Ms. Leeanna Pendergast: Please.

Mr. Mario Tombari: With the federal and provincial rollbacks in 1994, contraband disappeared almost overnight, so I think history would dictate that there is a direct correlation.

Ms. Leeanna Pendergast: I guess we'll have to continue that discussion, because these are Canada, April 2008.

Ms. Penela Guy: Sorry, can you please just tell me—

Ms. Leeanna Pendergast: This is on page 9 of "Estimates of contraband tobacco sales in Canada, 2008."

Ms. Penela Guy: In the Physicians for a Smoke-Free Canada—

Ms. Leeanna Pendergast: That's something we can go back to after. The Chair's going to cut me off and I'm not going to get to ask my questions, so we can talk about it after. He's very, very particular.

Three things you talk about: That was the first, the correlation between increased taxes and contraband. The

failure of the federal government to shut down illegal operations—I want to assure you that several ministries in the Ontario government—the Ministry of Community Safety and Correctional Services, the Ministry of Aboriginal Affairs, our Ministry of Health Promotion and Sport—are all working together and are committed to this, absolutely. Perhaps I should have started with that.

You say that the federal government has failed to shut down illegal operations. Then you say that their 2009—the public awareness campaigns have yet to see the light of day. Can you talk more about that, please, and perhaps if there is or was a role for Imperial Tobacco in that public engagement piece?

Ms. Penela Guy: The federal government announced in 2008, in its strategy to fight contraband tobacco—it was actually an RCMP report. One of the things that they had identified as being really important in having an impact on the contraband issue was to shut down the illegal factories. In the status report two years later, the RCMP admitted to not shutting down one single illegal factory. That's to your first point.

The public awareness campaign was first announced by the then revenue minister, Minister Blackburn, in April 2009. Then it was announced a second time in May 2010. What we're being told now is that, somehow, this campaign should come this year, but it remains that it's been almost two years in the making and we haven't seen anything come out yet.

Ms. Leeanna Pendergast: At all? Nothing?

Ms. Penela Guy: No.

Ms. Leeanna Pendergast: Is there a role for Imperial Tobacco Canada? Have they talked to you about a role for you to play in that public awareness campaign?

Ms. Penela Guy: No.

Ms. Leeanna Pendergast: Okay. I guess my final point, before the Chair—look.

The Chair (Mr. Pat Hoy): Quickly.

Ms. Leeanna Pendergast: He's getting his microphone going.

Thank you for your final comments that it needs to be a long-term solution with Ontario, the federal government and Canada's First Nations working together. Thank you for that. Thank you for your presentation and your time today.

The Chair (Mr. Pat Hoy): If there is any other information you'd like to provide the committee in light of the questioning here today, you can provide it to the clerk and then we would all share in that information.

Ms. Penela Guy: Very good. We'll do that. Thank you.

The Chair (Mr. Pat Hoy): All right. Very good. Thank you.

ONTARIO SCHOOL BUS ASSOCIATION

The Chair (Mr. Pat Hoy): Now I call on the Ontario School Bus Association to come forward, please. Good morning, gentlemen. You have 10 minutes for your presentation. There could be up to five minutes of ques-

tioning. In this case, it'll come from the official opposition. I just ask you to state your names for our recording Hansard. You can start.

1130

Mr. Gord Taylor: Gord Taylor, president of the Ontario School Bus Association.

Mr. Doug Herd: Doug Herd, vice-president of the Ontario School Bus Association.

Mr. Rick Donaldson: Rick Donaldson, executive director of the OSBA.

The Chair (Mr. Pat Hoy): Go ahead.

Mr. Gord Taylor: Thank you. Good morning, Mr. Chair, and through you to the committee as well. Good morning, all.

My name is Gord Taylor. As I mentioned, I am the president of the Ontario School Bus Association. I'm joined by Doug Herd and Rick Donaldson, who have just introduced themselves. Let me begin by saying thank you for the opportunity to present this morning.

I'd like to talk to you about three issues that are key and facing our industry in Ontario today. The first is the link between school bus ride times and student success and achievement; the second is about the provincial procurement reform that's under way currently; and thirdly, the wage that Ontario school bus drivers are paid in the province.

Let me begin with school bus ride times, as we call them in the industry, and their impact on student passengers. There have been a number of studies examining the impact of long school bus rides on student test scores. A long-standing study found that if a student spends more than an hour on a bus, there is a reduction in that student's achievement in standardized test scores. For every hour over one hour, scores decline by 2% for grades 4 to 8 students, and 1% for those in grade 11. This trend was confirmed in a recent study that found that very long school bus rides are correlated with lower test scores. A third study, which we reference, found that very long rides reduced students' sleep times, recreational times, academic attentiveness and their ability to participate in extracurricular activities. School bus operators in Ontario, whom we represent, want to play a role in diminishing the negative impact of very long ride times on student success and work with the government on this.

Let me move on now to procurement reform. While school bus operators want to play a role in getting a new system up and running, smoothly and efficiently, for school boards, students and parents, the very short timelines that are being instituted by some school boards in Ontario are putting that at risk.

A number of district school boards have released their requests for proposals for transportation as if they were auctions. As well, some coterminous and neighbouring boards have released their requests for proposal at the same time, without coordination, taxing the already overburdened resources of school bus contract operators who are still growing accustomed to the new procurement system. We are asking the Ministry of Education

and district school boards to work with us to get it right, not get it fast, as we move into this new procurement reality.

Finally, I want to talk to you about our school bus drivers, the most important people in our industry, who transport 800,000 students daily in Ontario. As the minimum wage increases in the province and the regulatory demands on drivers rise, it becomes harder and harder for drivers to justify their job to themselves, except for their interest in the well-being of students. But the move to procurement reform is continuing to put downward pressure on drivers' wages at a time when we need to retain and attract new and quality people to the industry. By annually addressing drivers' wages, contract operators in Ontario can keep sufficient experienced drivers on the road and ensure that Ontario students arrive safely at their schools every day, ready to achieve.

In summary, we are calling on the government to do three things: First, support further Ontario-based research on the link between long bus rides and student achievement, and protect Ontario's students from excessive bus ride times. Second, we are calling on the government to, at the very least, maintain the student transportation funding allocation to ensure that, in the meantime, long school bus rides don't impact student achievement negatively. And third, to require boards of education to stick to a timetable on transitioning to procurement reform so that school bus contractors can be well trained and well prepared and we can moderate downward pressure on driver wages at this critical time.

Thank you, Mr. Chair, and thank you to the members of the committee.

The Chair (Mr. Pat Hoy): Thank you. Do you have any additional comments? Well, maybe we'll find out during the questioning, which will go to the official opposition, to Mr. Miller.

Mr. Norm Miller: Thank you very much for your presentation today. I guess my first question would be about school bus ride times. Is the trend toward longer ride times over the last number of years?

Mr. Gord Taylor: Absolutely. The average ride time has probably moved—I'm going to ask my panellists to support me on this—threefold over the time that I've been in the school bus business.

Mr. Norm Miller: So in minutes or however you measure it, from what to what, then, would you say?

Mr. Gord Taylor: If they support my threefold assertion, it would be from 20 minutes to an hour, that kind of trend.

Mr. Norm Miller: And is that because smaller, rural schools are closing, so that kids have to be transported to schools further away? I'm just guessing, but you can tell me—

Mr. Gord Taylor: It does have to do with the dispersion of the student population. That has changed over that period of time, but also in efforts to be more efficient, longer bus rides mean cheaper per-student transportation.

Mr. Norm Miller: And your studies show the hour-long rides do have a negative effect on the achievement of the students?

Mr. Gord Taylor: That is correct.

Mr. Norm Miller: Okay, thank you for that.

Now, in terms of the new procurement system, my question would be really about the effects of the new procurement system, especially on the long-time small operators. In my area, which is served by lots of operators like Hammond and many scattered around Parry Sound–Muskoka, some of them have two or three buses and have been around a long time. Are they being cut out of the pie, I guess, and maybe not intentionally, through this new procurement system? Is it resulting in the small operators losing the routes and closing down?

Mr. Gord Taylor: I should probably declare a conflict of interest. I'll let one of my other panellists—I do have an opinion on it, but in fairness, I'll pass that off.

Mr. Norm Miller: Okay.

Mr. Doug Herd: I'm not sure how to answer that question exactly. There have been pilot projects that have been put in place across the province. We have seen the elimination of a number of small operators and we have seen the loss of routes by some of the larger operators as well.

The challenges going forward would be to ensure that there is no discrimination against one or the other, but I guess the topic at issue is the bundling of the routes and the number of runs that are involved in the procurement. So I'm not sure. If you could rephrase the question a little bit. I am a smaller local operator.

Mr. Norm Miller: When I met with operators in my area when this was coming in—I'm not sure of the exact stage of where we are in the process; you can maybe tell me a bit more about that. Their concern, especially the very small operators, was that the big companies would have the system figured out and know how to go through the process and fill the forms out and have staff dedicated to that, whereas the small businesses are driving the buses and running their companies and wouldn't be as good at the process, so they'd up losing the routes they'd held for a long time. That wouldn't necessarily be a benefit to the students or the system, and this could lead to a few larger, multinational companies owning the whole system in Ontario, at which point the price could come up because they wouldn't have competition.

Mr. Doug Herd: I guess the answer is "correct," in regard to the fact that some of the larger companies that may operate in a number of different districts would have more chances to get it right, so to speak, whereas a small operator who may only operate in one particular area or district, if they don't get everything right in the first presentation or the first kick at the can, they will cease to exist, so to speak.

Historically, we worked as a partnership with the school boards as associations coming up with standards and expectations between the operators and the school boards. Now, when it comes to competitive procurement,

those partnerships and ties that we share with other operators in the area may cease to exist.

Mr. Norm Miller: So, in other words, really make—where you've got two different companies working together collaboratively, it's more difficult to do that under the new rules because you're kind of bidding against them.

Mr. Doug Herd: It's a lot harder to share best practices given we're competing against the guy beside us; that's correct.

Mr. Norm Miller: And otherwise, you were concerned with the speed at which it's coming in? I didn't quite follow that—the new rules that are coming in.

Mr. Gord Taylor: Because it is a learning process for all of the members of the Ontario School Bus Association, our assertion has been that we want to take—I know that the procurement guidelines need to be in place by 2013, but we want to use all of that time to slowly have school boards across the province come to the marketplace so that our membership can learn the intricacies of competitive procurement. It's a time and learning notion for our members.

For the committee, the way in which we arrived at price for school bus contracting in the province prior to this procurement reform was one where local school boards negotiated the rate with a local group of contract operators. So it was quite a different model.

Mr. Norm Miller: And on that, did you think it was a pretty efficient system in terms of getting good value for the taxpayers? I know you're in a biased position to say that, but the old system—did you think it was working and was efficient?

Mr. Gord Taylor: I think it absolutely worked, was absolutely efficient, but didn't meet procurement guidelines.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

For the committee, our next two presenters have cancelled, so we will recess until 1 o'clock.

The committee recessed from 1140 to 1259.

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will come to order for this afternoon's session.

ONTARIO AGENCIES SUPPORTING INDIVIDUALS WITH SPECIAL NEEDS

The Chair (Mr. Pat Hoy): I would ask Ontario Agencies Supporting Individuals with Special Needs to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. In this case, the questions will be asked by Mr. Tabuns of the NDP. If you'd just state your names for our recording Hansard, you can start.

Mr. David Ferguson: Dave Ferguson.

Ms. Bonnie Dinning: Bonnie Dinning.

Mr. David Ferguson: Good afternoon. As just stated, my name is Dave Ferguson. I'm the executive director of

Ottawa-Carleton Association for Persons with Developmental Disabilities and the chair of the OASIS labour relations committee.

OASIS, Ontario Agencies Supporting Individuals with Special Needs, welcomes this opportunity to participate in the pre-budget consultations in support of its written submission.

OASIS understands the fiscal constraints that the government of Ontario is facing during this economic period. OASIS continues to strongly support the initiative of the Minister of Community and Social Services to develop a new longer-term vision for the developmental services sector. OASIS shares the minister's goal of ensuring that the transformation of services in Ontario for people who have a developmental disability results in a high-quality service system that is equitable, flexible and sustainable, and is designed to meet the lifelong needs of Ontario citizens with developmental disabilities.

OASIS emphasizes the importance of ensuring the maintenance of a strong, responsive and stable non-profit transfer payment agency system both as the province's primary service delivery mechanism and as the backup for the initiation of funding directly to individuals and families under the transformed system.

OASIS is a province-wide association of TP agencies that seeks to ensure cost-effective, high-quality supports and services for people with developmental disabilities, and to facilitate and strengthen the operation of its members. OASIS is an entirely voluntary association; it has no staff or office. All work is performed by individuals and committees on a voluntary basis using the Internet to communicate to members on such matters as best practices in financial management, program and service initiatives, human resources and labour/management relations, and governmental regulations and initiatives.

Founded by six non-profit agencies in 1996, OASIS' membership has grown to 153 transfer payment agencies located in all regions and communities of Ontario. OASIS member agencies provide services to approximately 35,000 individuals with developmental disabilities, employ 25,000 full-time, part-time and casual staff, and receive approximately \$1 billion in operating funding from the government. In addition, all agencies raise significant funds from their communities to augment their operations.

Such agencies constitute the primary vehicle for delivering government-regulated supports and services to people with developmental disabilities, notably in the form of residential care via group homes, supervised residences or approved family homes; supported independent living programs; day programs; and supported employment programs leading to independent employment in the community.

Pay equity: As you know, OASIS members are governed by many pieces of legislation, including pay equity. Most agencies which were required to use the proxy comparison method of pay equity have not yet achieved pay equity and are still many years away from achieving this target. Each year, agencies that have not

met their pay equity target rates are required to commit a minimum of 1% of the previous year's payroll for pay equity wage increases. This year, with the 2% increase previously committed by the government of Ontario not being flowed, agencies are faced with millions of dollars of liability without the ability to meet the legislative requirement. This has put agencies and their boards of directors in a difficult position. They can either reduce staffing levels and supports in order to meet their financial obligations or decide to be in violation of the pay equity legislation and not in compliance with the new regulations by not paying the pay equity increases in order to maintain support needs. Without government funding, agencies will be faced with this dilemma for many years to come, which will only add to service pressures and wait-lists.

The position of OASIS is that this is wrong. People with developmental disabilities should not be negatively impacted by this situation.

Bonnie?

Ms. Bonnie Dinning: Thank you for the opportunity to speak to you today. I'm a parent of a son supported by the Ottawa-Carleton Association for Persons with Developmental Disabilities, known as OCAPDD, and a board member of OASIS, OCAPDD and United Families of Eastern Ontario. Today, I wish to speak to you about the current challenges encountered by agencies, families, and individuals with developmental disabilities.

Supporting people with developmental disabilities within communities is becoming more challenging. An aging population and an increasing number of individuals with complex needs are escalating demands for services. At the same time, and despite efforts to transform Ontario's developmental services sector, a lack of adequate funding is preventing implementation of the transformation plan in a way that can improve services and supports.

Service providers have reached their limit in terms of their ability to respond effectively. Current challenges include:

- residential supports being unavailable for individuals whose parents have become too old to care for them;

- individuals with high needs waiting several years for day and residential programs, placing ongoing stress on families and caregivers;

- aging individuals and those with multiple disabilities requiring more sophisticated and varied supports beyond the level currently available—and this requires significantly more staff training than can currently be provided;

- increasing costs of real estate, construction, and the need to meet local fire and building code regulations; and

- increasing costs of staffing, especially benefits and training, including the mandatory requirements under regulation 299/10 of the new social inclusion act for persons with developmental disabilities.

The result is growing waiting lists due to the number of young people with a developmental disability leaving

school, and older ones living with aging parents. Those who have less school will wait years for access to day activities, while older individuals are often only housed and supported upon the death of their parents. The anguish of an individual who can't comprehend the death of their caregiver and then must bear the trauma of suddenly losing what they call home is hard to imagine.

Many families and individuals in our communities are without the support they require. Often, the ministry is required to make difficult choices when faced with numerous needs and limited resources. This results in unaddressed needs for families and individuals who require intensive supports such as group living, while transitional-aged youth or individuals who moved out of the facilities are given priority. Similarly, individuals are now being moved out of dual-diagnosis wards from mental health facilities and bypassing those on waiting lists in the community. Families in every community across the province have waited for many years for services for their loved ones, only to see others accessing services before they do. I placed my son on a waiting list for housing over 15 years ago. He would still be waiting if we had not used our life savings to recently house him, pay for utilities and subsidize his food budget.

Services and supports need to reach a broader range of people, encourage and allow new initiatives to be launched, and ensure the long-term financial and support stability of the sector. This must include the opportunity for longer-term budgeting and financial planning, especially the creation of reserves by agencies.

OASIS, of which OCAPDD is a member, and families were encouraged by the announcement in the 2010 Ontario budget to provide \$36 million for critical support and services for people in urgent need. However, the waiting lists continue to grow. In accordance with the foundational goals of transformation—equitable, accessible and sustainable—we urge the government to continue to respond with developmental services expansion initiatives so as to stem the tide of ever-increasing wait-lists and growing frustration.

I would also like to take this opportunity to endorse the honourable Toby Barrett's private member's bill, Bill 23, An Act to amend the Ontario Disability Support Program Act, 1997 and the Taxation Act, 2007. Individuals in receipt of Ontario disability support payments are living below the poverty line, and in many cases financial assistance is required through family assistance to meet their basic needs, such as rent and food.

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The current system reduces the amount of income support that a person is eligible to receive by 50% of the person's other earned monthly income. The proposed legislation will lower that reduction so that a person can retain a maximum of \$700 of other income monthly, or a maximum of \$1,000 of other monthly income if there is a spouse included in the individual's benefit unit. This change would mean that individuals could have an additional \$350 per month available to them to cover living expenses and enhance their quality of life. It would

be an added incentive to find meaningful paid employment by those capable of doing so.

We also endorse the bill's amendment to increase the asset limit to \$12,000 individually in determining whether a person is eligible for income support. We would encourage the standing committee to recommend the passage of this important bill.

Mr. David Ferguson: Further recommendations. OASIS respectfully requests that the following be included in the committee's final report:

That the Minister of Finance, at a minimum, makes an investment of an additional 2% on current base budgets to allow agencies to meet their pay equity obligations;

That the budget for the DS sector would be increased by \$60 million, for the following purposes:

- to assist people without services;
- to stabilize and rebuild current service infrastructure;
- to increase funding for individuals through programs such as Passport; and
- to support new opportunities for innovation by building on the ingenuity of families, friends and community, as Bonnie has identified.

Again, we would further support the endorsement and passage of Bill 23.

Finally, we would ask or suggest that there be a recommendation that transfer payment agencies have four-year rolling budgets of their own, with accountability measures, for the purposes of establishing reserves to fund capital items and major repairs and to develop innovative, cost-effective programs in a planned manner.

Again, we certainly appreciate this opportunity to speak to the committee.

The Chair (Mr. Pat Hoy): Thank you. Now we'll go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Thank you both for coming in and making this presentation today. If the requests that you have made are not actually met, what will it mean for the agencies that you represent and the people who are served by those agencies?

Mr. David Ferguson: Well, if the pay equity obligations are not met, then technically the boards of directors are in violation of the law. We're faced with looking at what kind of FT equivalent would need to be reduced in order to meet those obligations. Province-wide, those are multi-million-dollar obligations, and again, we would seek that province-wide as opposed to just specific to us.

We certainly understand that pay equity legislation is not going to be rescinded, but we see it as a government support and endorsement to continue to meet those obligations, as we have no other opportunities to raise funds for that kind of obligation.

Mr. Peter Tabuns: You have a fear that you'll have boards of directors who may resign if they feel that they will be stuck with the legal liability?

Mr. David Ferguson: Absolutely. It's a challenge already to find enough community-minded individuals to volunteer on boards, let alone if they walk in and find out

that they're going to be violating the law, technically or potentially, right away.

Mr. Peter Tabuns: And the increases that you're suggesting: If they are not provided, what will that mean for those who use your services or would like to use your services?

Ms. Bonnie Dinning: Maybe I could respond to that one. That would mean that a vast majority would remain sitting in front of TVs on their families' couches until a crisis occurs in their family, such as the death of the parents, at which point those individuals would be placed, perhaps, in inappropriate housing just because it was the only housing available.

I would also mention that in my private life I've worked as a consultant in the area of homelessness and was asked by the city of Ottawa a few years ago to do a study on individuals with developmental disabilities accessing services for the homeless. So there is documentation now that individuals with developmental disabilities are actually using the services meant for those who are homeless, because there's nothing available for them.

Mr. Peter Tabuns: I think you've made the human and organizational costs fairly clear. I don't have further questions, Mr. Chair. Thank you.

The Chair (Mr. Pat Hoy): Thank you, and thank you for your presentation.

OTTAWA POVERTY REDUCTION NETWORK

The Chair (Mr. Pat Hoy): Now I would ask the Ottawa Poverty Reduction Network to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that, and it will come from the government in that case. If you'd just state your names for our recording Hansard, you can begin.

Ms. Linda Lalonde: Yes, I'm Linda Lalonde and this is Nadia Willard, and we're the co-chairs of the network.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Linda Lalonde: Thanks very much for having us back again. We love these annual meetings with you folks. I must apologize. I've been quite sick and wasn't able to put together and get printed up in time the brief that we're going to submit, but we will be sending it in later.

We'd like to first of all start out by giving you some kudos. We were in Kingston last year and asked you to support a recreation fee rebate. We asked for the whole family and you gave it to children. We also are very impressed with the Healthy Smiles Ontario program which has just been implemented for kids up to 17 in low-income families. We would like both of those programs to have other family members from families whose income is under the low-income cut-off added in an incremental way over the next few years.

When we come to you, we always talk about housing, partly because it never goes away. Let's build some. We

would like to have added to the long-term housing strategy a component that sees the building of actual roofs, walls and floors. We understand that there is a 10-year infrastructure program coming up through the government, and it needs to have housing as a separate line item. There are two reasons for that. The first is that it's guaranteed, and the second is that it gives your municipal partners some future planning ability. It also tells your municipal partners that the message from the province is that this money is to be used for housing; if it comes as part of the municipal allocation in that infrastructure thing, we may have some lovely roads and sewers but we may not have many new houses.

We would like to see that 10-year program split 50-50 between new construction and maintenance of existing buildings, because we know that there is a desperate situation. This is right across the province, but it's very serious here in Ottawa with the housing that was kindly donated to us by the provincial government a number of years ago, which is in a terrible, and in some cases virtually unlivable, condition.

On the housing theme, we would also like to ask you to please not wait for the feds. If in fact the allocation is going to be one third, one third, one third—federal, provincial and municipal—if there are 100 houses to be built and the feds don't come to the table, can we at least build $66\frac{2}{3}$ houses? If you're going to wait for the feds, you may be here a long time.

We would also like to see supportive housing in the housing envelope: supportive housing and accessible housing to be funded on a ratio that's proportionate to the percentage of the population that is in those two categories. For the first five years there's a serious catch-up issue there, and so for the first five years, we would like them to get—if their percentage of the population is X, they would get 2X of the new housing.

We would also like to see money coming forward for enforcement of property standards. This is a very serious issue, particularly in low-income housing and particularly in rooming house situations. Also, that the province develop and provide to the municipalities the ability to ask for, in their official plans, inclusionary zoning—you could also change that word so it's easier to say.

In the income area, we would like to see the continuance of the annual increases to the minimum wage until it equals the LICO—the low-income cut-off—number for a single person in Ontario. Then, from there forward, we would like to have it tied to the cost of living so that we don't have to go through a whole lot of conversation and discussion. Obviously, the increase is intended to help people meet the increasing costs that they encounter because of inflation. So if there is a straight connection to the inflation numbers, you've got an automatic increase.

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Additionally, we would like to see social assistance rates increased by the cost of living plus 1% until they reach LICO for the family size, and then tie the annual increases to the cost of living.

We'd like to recognize the work of Toby Barrett with the ODSP legislation that he has put forward. We endorse Bill 23 and would like to see it extended to cover both OW and ODSP.

We would like to see a pharmacare program that would extend the existing Ontario drug benefit provisions so that seniors—as we all know, people are retiring earlier. There are many people who are in that early seniors group of 55 to 65 who are gearing down, only able to work part-time jobs etc., and we would like to see the seniors' drug benefit plan extended to cover people 55 and up who fall under LICO.

We would also like to see the Ontario drug benefit coverage that now exists for people who are on social assistance extended to the working poor, and that it start this year with children who are in families whose income is under the low-income cut-off. And in the future, it would be expanded incrementally, year by year, to cover single parents, then couples, then singles who are living in low-income situations.

Thank you very much. That's our presentation for today.

The Chair (Mr. Pat Hoy): Thank you. As I said, the questioning goes to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Linda and Nadia, for being here. Thank you for all the work that you do on behalf of the Ottawa Poverty Reduction Network.

We've heard from groups across the province, including Put Food in the Budget this morning, and we're hearing very clearly a lot of things. Of course, these are pre-budget hearings, so we're talking costs and dollars. I just want to run by you some of the things that we've heard fairly consistently and maybe get your feedback. I took notes on your presentation. Some of it was very detailed, so I look forward to your submission. I couldn't take it all in.

This morning, we heard about a \$100-per-month, per-adult increase to social assistance.

We heard in Thunder Bay, from Poverty Free Thunder Bay, about an outreach strategy. If you could comment, maybe, on a concerted outreach strategy. Is that something that you're working on or thought about or working in collaboration with anyone else on?

We heard from the 25 in 5: Network for Poverty Reduction about a specific strategy for inordinately poor communities across the province. Is that something that you've discussed?

In Windsor, we heard from Voices Against Poverty about a healthy food supplement of \$100. That \$100 seems to be a consistent number. And we heard the same thing in London with the social action committee.

If you could just comment on those things, it helps us get a perspective of what the needs are here in the east and in Ottawa.

Ms. Linda Lalonde: I'm not sure what the outreach strategies are that you're asking about.

Ms. Leeanna Pendergast: And I couldn't give you particular details either. They were talking about working

in collaboration with other community partners to develop an outreach strategy.

Ms. Linda Lalonde: The reason we ran in at the last minute with our sandwiches in our hands is because we spent the morning—we are members of the city of Ottawa's poverty reduction strategy steering committee. The city, at the request of the OPRN, has developed a poverty reduction strategy which has been in place for about a year or a year and a half or so now. Actually, it was passed on International Human Rights Day a couple of years ago, which we know was the total intention of council.

One of the aspects that we're working on—and I don't know if this would be the same one. One of the things that we identified is the need to educate the broader community. One of the OPRN's underlying principles is that poverty is not a poor people's issue. It's not a social service issue. It is a complete community issue. If I live in Rockcliffe Park, which I don't, and you live in a shelter downtown, your shelter is an issue for me, because guess who's paying for it?

We know that the amount of keeping a person in a shelter bed is thrown out as being \$1,200 to \$1,500 a month. Well, it's actually more like \$100,000 a year—and we have a study done in Ottawa that that's the number—by the time you add in police services, hospitalization, ambulances and psychiatric care.

One of the things that we have in the municipal strategy is to develop and outfit an education plan to go out to the rest of the community and explain to them what poverty is, what it means. We know that poverty is much deeper; it's a different kind of poverty than you would have had, say, 20 years ago. So it implicates a family in a very different way.

The other thing is that because of the increase in levels of poverty and depth of poverty, there's a much greater strain on community agencies. They're having to, in some cases, ration services; they're having to close waiting lists—there are agencies in town that have waiting lists that are now two years long and they just close them and say, "We won't even put you on the list," because it's not a fair thing to do to an individual.

From my own experience, when I go out and speak to service clubs and so on and I say to people, "How much do you spend personally on discretionary eating in a month"—which counts restaurants, coffee shops, whatever—"and do you spend more than \$200?" They sort of look at me like, "Get real. Of course we do." Then I say to them, "Well, if you were on social assistance in this community, that's what you would have for everything other than the roof above your head, including having to get resumé printed, having to get to job interviews, getting your hair cut, keeping your clothes clean. Oh, and if you have any change left over, you can buy some food."

We need people to understand why they need to commit—in our case, in a municipal-wide way—to solving this issue. That's the outreach thing that we're working on in this community.

Ms. Leeanna Pendergast: Thank you. That was an excellent answer—comprehensive and very helpful. So it's more than just at the community agencies; it's that whole social infrastructure—

The Chair (Mr. Pat Hoy): Our time has expired. Thank you for the presentation.

Ms. Linda Lalonde: Thank you.

FEDERATION OF ONTARIO PUBLIC LIBRARIES

The Chair (Mr. Pat Hoy): Now I would ask the Federation of Ontario Public Libraries to come forward, please. Good afternoon. As you've heard, you have up to 10 minutes for your presentation. In this case, the official opposition will be asking questions, should they have any. I would just ask you to identify yourself for our recording Hansard.

Mr. Jim Bennett: My name is Jim Bennett.

The Chair (Mr. Pat Hoy): Go ahead.

Mr. Jim Bennett: I am chair of the Federation of Ontario Public Libraries and also a trustee on the Ottawa Public Library board.

The Federation of Ontario Public Libraries is a not-for-profit membership association established in 2005 to provide a single strong voice for public libraries in Ontario to enhance library policies and programs. The federation's over 200 member libraries are responsible for serving 78% of Ontario's population.

I am here today to explain (1) what Ontario public libraries do to help families, increase employment, and improve community services to assist the government in eliminating the deficit; and (2) what the provincial government can do to utilize more fully their Ontario public library assets by increasing the provincial operating grant to Ontario public libraries.

Public libraries support provincial priorities. Public libraries exist so that the people of Ontario can enrich their personal, professional and civic lives through equal access to information, resources and ideas in trusted, multilingual, physical and virtual settings that serve as community gathering places.

Most people are familiar with the public library's traditional services, such as freely loaning materials in various formats; assisting users find relevant information; serving as a reference centre on a wide range of subjects; and connecting users virtually to a world of databases. Less commonly known is that public libraries also provide an array of free specialized niche programming that supports provincial priorities.

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In economic development, Ontario public libraries are small business incubators, supporting fledgling entrepreneurs, the drivers of local economic recovery and job creation, by providing them with free resources such as e-databases on market trends and information on regulatory obligations.

In employment, Ontario public libraries provide free niche-specialized services and resources for career planning, job search and upgrading skills.

In integration of new Canadians, Ontario public libraries provide free services helping newcomers to Canada succeed through settlement support, language acquisition—which includes ESL programs, accreditation and employment support—while reinforcing community cultural connections.

In literacy development, Ontario public libraries facilitate success in the school system through the delivery of free pre-school and children's literacy programs, and provide access to vast free materials and expertise to support the education of children ages birth to 18, as well as adults.

In efficient government services, Ontario public libraries serve as the first point of contact for free information and referral on community and government programs.

Ontario public libraries are hubs in our communities and are often the only public space where residents can gather freely and dialogue and thus contribute to a healthy, educated and informed citizenry.

In a nutshell, public libraries are transforming communities for the information age, and in doing so, are supporting Ontario's economic recovery. During this latest recessionary period, public libraries played a key role in mitigating its impact. Overall library utilization has increased by as much as 20%. Availability of free services has benefited economically challenged Ontarians, and career resources, literacy training and computer skills development have supported those in need.

To optimize the effectiveness of public libraries in building and transforming Ontario's communities, we need the government to focus on the federation's number one priority in the 2011 budget. The government's number one priority for Ontario public libraries should be to increase provincial operating grants to Ontario's 387 public libraries.

In 1996-97, the amount of these grants was decreased by almost 40%, and has remained static for the past 15 years at \$18.7 million. It's been frozen at \$18.7 million for 15 years. There has been no accommodation for inflation, population growth or for the new generation of users with fundamentally different information-seeking habits.

Ontario has the lowest provincial per-capita funding for library operating grants in Canada at less than 5%. Recent 2008-09 data from other provinces indicate that Manitoba's share is 18.4%, Saskatchewan's is 17%, Alberta's is 15.3%, Quebec's is 10.6%, and BC's is 8%.

Moreover, there is significant disparity in the way the provincial government allocates its current support to public libraries. On a per capita basis, using 2006 census data, provincial support ranges from \$0.59 per resident in communities like Vaughan and Markham, which have seen significant recent population growth, to \$26.17 per resident in some cottage country communities, such as

Haliburton county and Muskoka Lakes, which have few permanent residents.

So the funding envelope for provincial grants not only needs a major increase; its distribution formula also needs an overhaul.

The province's modest contribution to public library operating funding places an overreliance on municipal support. The Public Libraries Act of Ontario ensures service equity and access to all, free of charge, regardless of where citizens reside. Where Ontarians live should not determine the value of their citizenship. Efforts to narrow the gap between provincial and local funding would be a step forward in fulfilling the mandate of the province.

Our goal of service excellence is tied to funding. We ask that the provincial government significantly increase the funding envelope for operating grants to public libraries from \$18.7 million—frozen 15 years ago—to \$43.9 million in two years. Last month, the federation presented a specific proposal to the Ministry of Tourism and Culture for revamping the calculation of these grants. The proposal has received wholehearted support from 100%—I repeat, 100%—of respondents when the federation conducted a recent vote amongst its 200 member libraries.

Here are the highlights of the proposal: It calls for provincial operating grants to be calculated using a universal \$2.80 per capita factor, plus a fixed area supplement of \$4,500 for northern and rural libraries. No library would receive less than \$4,500 or less than current funding.

This proposal calls for the funding envelope to be increased by \$17.4 million in year one and by \$7.8 million in year two. The reason for such a leap in year one is because the current funding system is so incoherent that anything else would do little to correct its inequities. Even after year two, if funding reaches the proposed \$43.9 million, this would only provide public libraries with the same spending power they had in 1995. The proposed \$43.9 million simply takes the current funding envelope of \$18.7 million, adjusts it for Ontario's population growth and change in CPI from 1995 to 2006 and adds back the 40% cuts made in 1996-97.

Our proposal asks that the funding envelope be adjusted further when new census and inflation data become available and every five years thereafter.

In addition, we want pay equity funding to be excluded from these calculations of provincial operating grants but to continue to be paid at current rates. As provincial grants are increased, it is important that the Ontario government encourage municipalities to maintain current levels of funding and not claw back any of their support.

Because Ontario's public libraries come in all sizes and are located in every region, their needs and views vary significantly. However, on this issue, as potentially contentious as how to divide up a funding increment is, the sector has reached consensus and has communicated resounding support for the federation's proposal in a membership vote of 100% acceptance.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Jim Bennett: Thank you. Taking advantage of this consensus certainly simplifies the challenge Minister Michael Chan has stated publicly on several occasions. That is, "Public library funding needs to be fixed."

We would respectfully suggest that if you are concerned about supporting local residents during tough economic times, if you're concerned about helping Ontario citizens hone new technical skills to increase their employability, find job opportunities and sharpen their application and interview skills, then invest more in public libraries. Increase their provincial operating grants.

Finally, a stat I'm sure you'll find interesting: 66.5 million visits are made in person to Ontario public libraries each year, more than three times the annual attendance at all North American NHL hockey games.

When all MPPs support public libraries and increase long-overdue provincial funding for operating grants for Ontario's 387 libraries, serving 12.1 million Ontarians, our library patrons are impressed.

Thank you.

The Chair (Mr. Pat Hoy): And thank you. The questioning will go to Mr. Miller from the official opposition.

Mr. Norm Miller: Mr. Bennett, thank you very much for your presentation. I would say that locally, in my hometown, certainly the librarian, who's Catherine Rodney from the town of Bracebridge, has both spoken to me and written to me to make me aware of the facts, as you pointed out in your presentation, about library funding. I know the town of Bracebridge has on their capital wish list—they're having committee discussions right now—the choice between a new library or expanded library, a second ice surface or expansions to the fire hall. A big discussion is going on right now about which of those things will happen within their capital fund.

You pointed out the challenges of the grants that are being received, the operating grants from the province of Ontario. I guess my question is: How are public libraries surviving financially? Where are they getting their funds from to keep the doors open when they have just 5% from the Ontario government?

Mr. Jim Bennett: Eighty-five per cent of the funding for Ontario public libraries comes from the municipal level. About 5% is from the provincial government. The other percentage comes through the Ontario Library Services Centre, which has grants as a service agency of the government to provide extra support to libraries. Plus, there are many grant applications and opportunities for libraries to make up the additional 4% or 5% or 10%.

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Mr. Norm Miller: So it's that combination. In terms of your operations, what are your biggest cost pressures in recent years?

Mr. Jim Bennett: Could I just refer you to page 4, on the 8.5-by-11-inch sheet?

Mr. Norm Miller: I'll have to get my reading glasses.

Mr. Jim Bennett: We asked our Ontario public libraries to indicate to us and to government what they

would use the extra provincial funds for if the government increased the library operating grants to Ontario public libraries.

For example, Kenora Public Library, a northern public library: Their grant would increase currently, under our proposal, from \$33,997 to \$46,996, about a 10% increase. This is how they would use the money to help alleviate the stress of insufficient municipal funds because of budgets being tight: They would provide \$10,000 to add Sunday hours of operation so they could benefit local patrons by improving access to their library and improve Kenora's tourism by increasing weekend services that are available to visitors in the area. Of that \$12,000, they would give \$1,000 to improve marketing to make our community and visitors aware of materials and services available through the library. They would give \$2,052 of that increase to increase programming at the library by providing training in areas of interest that include computer and research skills, additional children's programming and author readings. So the take-up by the extra funding is being documented, the outcomes are being prepared, and every library in the province is willing to provide to government the ways in which they would use the extra funding to alleviate the situation with municipal funding being tight.

Mr. Norm Miller: Mr. Barrett has a question.

Mr. Toby Barrett: A quick question. Maybe this is more with respect to capital dollars and coordination. I represent a rural area. We have a situation with a high school where the school library is open for adults to come in and sign out books and read newspapers and things like that. Now, in another town, we tried—I guess the high school wanted to build a new library and the municipality wanted to build a new library. We wanted them to build it together. That didn't happen. The high school built a brand new library; it's a great library. Now the municipality is going to build a brand new library, and it will be—I don't know—about 100 yards away. Does your organization help municipalities and school boards to maybe work together on some of this? It's more of a saving on capital dollars, but I can see savings on operating as well.

Mr. Jim Bennett: We encourage all our member libraries—and library CEOs do work very closely with municipalities. I would hope it would be a coordinated effort when it comes to infrastructure. I might add that our second priority of the federation is to get a handle on infrastructure. We are doing a survey this year of the infrastructure needs of all the libraries in the province to determine what is required. How much money is required to rehabilitate libraries, to bring them up to the current standards for the new information age?

So one of our priorities—our second one, as a matter of fact—is to encourage the government to establish for public libraries a designated infrastructure fund that could be coupled with the municipalities as partners, to be used specifically for public library infrastructure needs. I would hope that if public libraries require rehabilitation and new libraries in certain areas, the whole

community, all aspects of the community—private entrepreneurs, federal, provincial, municipal—would come together and work out a way in which a new community hub could be built.

Mr. Toby Barrett: Would you put school boards and community colleges on that list too, or are they just a separate entity?

Mr. Jim Bennett: They tend to be somewhat separate; they have their own individual libraries. It is important that we be efficient. A library that serves the whole community, all aspects of the community, such as higher education or high school education—that's quite a distinct and unique possibility that I feel should be followed up on.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Jim Bennett: Thank you.

FOSTER CARE COUNCIL OF CANADA

The Chair (Mr. Pat Hoy): Now I'd ask the Foster Care Council of Canada to come forward. Good afternoon. You have 10 minutes, and the questioning will come from the NDP in this case. If you would simply state your name before you begin.

Mr. John Dunn: My name is John Dunn, and I'm the volunteer executive director of the council. For anyone who doesn't know, the Foster Care Council is a non-profit group of former foster kids and their supporters, and our mission is to advocate for transparency and accountability in child welfare.

I'm just going to go in, because I've got 10 minutes, and start from here.

By the way, I only had 10 copies of this written document. If it's required, I can go upstairs later and get more, or e-mail them to the members.

The Chair (Mr. Pat Hoy): We've made copies already, so we're all taken care of.

Mr. John Dunn: All right, thanks. Sorry about that.

According to the Legislative Assembly of Ontario's standing order 108(e), the mandate of this committee includes the fact that it is empowered, meaning each and every member of this committee has the power, "to consider and report to the House its observations, opinions and recommendations on the fiscal and economic policies of the province...."

Therefore, I am asking that each member of this committee, as individuals and as a collective whole, reflect upon the privilege and the opportunity you have been given, as both members of this committee and members of provincial Parliament, to ensure that Ontarians and Canadians as taxpayers are getting what they expect from the expenditure of their tax dollars.

Despite the fact that this is a provincial committee, I include Canadians generally as concerned citizens because the issues I am going to raise are funded both by provincial taxes and fees, as well as from the Canadian social transfer payments and the Canadian child tax benefit, among other sources of funding.

I'm here to ask the committee, in accordance with its mandate, to consider and report to the House its observations, opinions and recommendations concerning the expenditure of ministry-allocated transfer payment funds on improper and illegal activities by children's aid societies, their staff, and even their lawyers at times, so that they can recommend to the House that the House itself recommend, in accordance with standing orders 110, 111 or 112, that the Standing Committee on Social Policy, or a select committee, study and report on the operation, mandate, management, organization or operation of the Ministry of Children and Youth Services and the agencies which report to it; namely, the children's aid societies across Ontario, which have a child protection budget each year of at least \$1.5 billion. I think the ministry gets \$3 billion or so, but \$1.5 billion, approximately, is specifically for child welfare.

Due to the fact that I'm limited to 10 minutes, I can only list a few of the reasons I make this recommendation to the committee which directly speaks to the mandate of this committee at this time. However, if the social policy committee or a select committee is struck to look into these matters, as recommended, their scope can widen from strictly financial to value-for-money matters, which would include conduct, management, organization, operations and, hopefully, a total transfer of services from privately incorporated children's aid societies to government agencies. That would, by default, result in Ombudsman oversight of child welfare services, further protecting children, youth and their families.

I'm going to list three concerns briefly here, the first being the Commission to Promote Sustainable Child Welfare, which was struck by the ministry and has the legal authority, according to its mandate, to issue directives to one or more societies.

When it was brought up to the commission that the Ottawa children's aid society had been charged with illegal activity under the Corporations Act and that they paid an external law firm—Burke-Robertson, Barristers and Solicitors—to assist them, first, to commit the offence, and then to defend them on the charges against it, asking the commission to issue a simple directive telling them to comply with the Corporations Act to prevent further wasting of money, the commission ignored its mandate and the potential cost saving issue by falsely stating that it is not within their jurisdiction to deal with.

Number two, Ontario children's aid societies, which have been complaining about the ministry allegedly reducing their funding and closing their doors in some cases, have been spending approximately \$15,000 a year in membership fees for a province-wide program known as practice and research together, or PART. PART was incorporated on October 15, 2009, and currently consists of a board of directors made up of various executive directors of children's aid societies across the province and a staff member of the Ontario Association of Children's Aid Societies. PART started out in September 2007 with a membership of 18 out of 53 societies, at a cost to Ontario taxpayers of \$270,000. By January

2009—just two years later—PART was joined by over 36 societies, therefore increasing the cost of PART memberships to Ontario taxpayers to over \$500,000. That's half a million dollars.

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In addition to that, the third item is that the Ontario Association of Children's Aid Societies collects approximately \$3 million a year from children's aid societies for their membership fees on top of the millions they already receive directly from the ministry each year. This \$3 million comes from ministry-allocated transfer funds which were intended to be spent by societies on child protection and family services. Instead, the fees coincidentally pay for almost all of the OACAS' staff salaries, according to their annual report.

There are many more issues to be looked at, such as false information being provided to courts in affidavits, rules of procedure and fundamental justice being violated by societies, children kept from family when it's not dangerous, youth over 12 not being permitted to or informed of their right to attend court hearings, and much more. I'm sure as MPPs you've heard many of these and other issues over the years.

Please study fostercarenews.blogspot.com for sources of information, canadacourtwatch.com or fixcas.com, protectingcanadianchildren.ca, and other sites, and please contact each of them to perform a thorough study on these important matters. Thank you.

The Chair (Mr. Pat Hoy): And thank you. Now we'll hear from Mr. Tabuns.

Mr. Peter Tabuns: Mr. Dunn, thank you for taking the time to put that report together and for coming down to talk to us today.

With regard to the Ottawa children's aid society being charged with illegal activity, what was the nature of this illegal activity?

Mr. John Dunn: Under section 307 of the existing Corporations Act, any person can request a list of their members—not just the board, but the general membership—so you can advocate through them under section 295 to vote on an issue: a bylaw change, whatever it is that you request. The Children's Aid Society of Ottawa chose to refuse to furnish the list, and under 307(5) of the Corporations Act it's an offence. So it's either a strict liability or absolute liability offence; I'm not sure yet. Either way, that's what they have been charged with. There's no conviction yet. The trial date was held; however, the prosecutor was mistaken as to the time. He thought it was 9:30 but it was actually 9, so they had it dismissed, but the appeal will be heard in March. If the appeal is successful, there will be another trial date.

This isn't just the Ottawa children's aid; it was also Sudbury who refused the list and were put to court by another gentleman, and Toronto Catholic children's aid also refused the list on request. So it seems to be a province-wide thing that they all maybe talk to each other about, that they would automatically deny lists, against the law.

Mr. Peter Tabuns: And what reason do they give?

Mr. John Dunn: When you make the request under 307(1), 307(2) lays out an affidavit, and it says three things that you swear to. You swear you're not to use the information for purposes other than—I can't remember them by word, but they just repeat those and say, "You will not use them for this; you will not use them for that," but no valid excuse or any other justification. That was the standard. Then the Catholic children's aid, their lawyer, a Bay Street law firm, external, told us that it would create a new right, which it doesn't; it's an existing right under the act. In Sudbury, they got away on a technicality because apparently the gentleman named the Ontario corporation number instead of the English name, which is not actually a valid reason to drop a case, but they did anyway, the justice.

Mr. Peter Tabuns: Right. And do you know of other illegal activities, false affidavits, here? Can you tell us—

Mr. John Dunn: I know of one particular case. I won't go into names and stuff, obviously. I can't—I could with parliamentary privilege, but I won't. There's one case where, for instance, a child welfare staff mentioned that a mother's baby tested positive for marijuana; however, the hospital records show that it didn't. The mother had, but the baby hadn't, and that was just in hair samples, so it could have been a party or whatever. So that family was kept separate and stuff. Unfortunately, the mother's not around anymore.

But I've heard it from many people. As an organization, we get people across the province contacting us. There are constantly issues of false affidavits being done.

Another cost that's sort of a hidden cost, potentially—I don't know where this money comes from—is whenever they do settlements out of court. If people bring up the society on issues of illegal behaviour or whatnot, they settle out of court. Wherever that money comes from—I don't know if it comes from the ministry or if it just comes from insurance, but they often settle out of court, with gag orders. I know of at least three people, whom I can't name, who have settled and accepted those gag orders for either being abused in care or other issues. There's one, D.B. vs. Durham children's aid, that I think most people are aware of as well that is on the record. It's under CanLII and whatnot. So there are cases out there, but they're usually gagged and hidden from us.

Mr. Peter Tabuns: Okay. I think you've made your argument pretty clearly here, and I appreciate the follow-up information. I don't have any further questions, Mr. Chair.

The Chair (Mr. Pat Hoy): Thank you, and thank you for the presentation.

Mr. John Dunn: Okay. As I forgot to add on at the beginning, thanks for coming out to the local regions, because I guess it's—what do you call it?—constituency day for the committee. So I appreciate that, coming out to us. Thanks.

The Chair (Mr. Pat Hoy): You're welcome.

ONTARIO RESTAURANT AND BAR ASSOCIATION

The Chair (Mr. Pat Hoy): Now I call on the Ontario Restaurant and Bar Association to come forward. Good afternoon. You have 10 minutes for your presentation. There could be five minutes of questioning. In this case, it will come from the government. I'd just ask you to state your name for our recording Hansard.

Mr. John Couse: Thank you. My name is John Couse. Good afternoon, members of the committee, and thank you for the opportunity to appear before you today. I am here in my capacity as the president of the Ontario Restaurant and Bar Association.

The Ontario Restaurant and Bar Association was founded to advocate the interests of restaurant and bar owners. Our industry is a vital sector in revenue generation for the province. We create large numbers of jobs and are an integral part of the tourism industry. Our jobs put university kids through school.

I am here to address two specific issues. One has to do with taxation, and the other is a policy of the Alcohol and Gaming Commission in the closure of restaurants.

It's safe to assume that one of the goals of the budgeting process is to maximize government revenues. To that end, I'd like to point out some basic economics of liquor sales in the province.

There are only two places to buy spirits in the province. The consumer of spirits either buys from the LCBO or he buys in a restaurant or a bar. Therefore, the LCBO competes with the hospitality industry for the same customer.

The government's revenue from a single bottle of spirits varies greatly depending on where it is purchased. Consider the purchase of a 40-ounce bottle of spirits at the LCBO versus the same volume of spirits sold in a restaurant in the form of one-ounce highballs. The retail price at the LCBO is \$36.75, tax included. The government revenue is \$2.60, which is the Ontario portion of the 13% HST. The very same bottle of spirits sold through a restaurant has a retail sale price of \$240, tax included. The government revenues on that same volume of alcohol are \$18.27, which is the Ontario portion of 15% HST minus the \$2.60 HST refund on the purchase from the LCBO.

In this case, you can see that the government's opportunity cost of selling through the LCBO, as opposed to through a restaurant, is \$15.67. In other words, the government generates five times the revenue on the same volume of liquor if the sale is made in a restaurant. When the LCBO comes to the government boasting of \$1.3 billion in record profits, keep in mind that it was made with an opportunity cost to the treasury of somewhere up to five times that amount.

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Government revenues from restaurant sales are further compounded in the form of higher payroll taxes. The LCBO employee rings the sale of a bottle of spirits through the cash register just once, and the revenues to

the government end there. On the other hand, the restaurant employee dispenses the same bottle ounce by ounce, ringing in the sales through the register 40 times. It takes a great deal more labour to dispense 40 highballs than it does to sell one bottle of alcohol. Hypothetically, it could be argued that the payroll taxes generated with a single bottle of spirits sold in a restaurant are at least 40 times the payroll taxes generated by that bottle sold in the LCBO. It follows that any shift in sales from the LCBO to the hospitality industry will benefit in job creation because of the higher labour intensity of the industry.

The inescapable conclusion in terms of tax revenue generated and job creation is that the government should be doing everything that it can to encourage alcohol sales through restaurants and to discourage alcohol sales through the LCBO.

Regrettably, we see the opposite in a number of areas of government activity. We don't have time to discuss them all now, but I'd like to focus on one key area that your committee should investigate, and that is the province-wide impact of the activities of the Alcohol and Gaming Commission.

In recent years, the AGCO has adopted a policy of liquor licence suspension for routine enforcement of the Liquor Licence Act. There is a tremendous financial impact from this policy, and it is causing great strain and fear in entrepreneurs and their employees. The AGCO is causing unemployment and hardship for many innocent people.

I'd like to point out at this point the handout that I've distributed to you. There are 40 employees of the AGCO that make over \$100,000, many of them well over \$100,000. I'd like to point out that that's probably more than I would guess some of you are making.

In conclusion, the LCBO's aggressive marketing and the AGCO's enforcement policies are creating unemployment and costing the treasury. Moreover, they are at great odds with the rest of the government's direction in stimulating employment. We believe there is a better way, and so ask your committee for a dedicated review on this issue. The hospitality industry employs more people than the automobile industry, and it deserves your attention.

Thank you for the opportunity to appear today.

The Chair (Mr. Pat Hoy): Thank you. We'll move to the government, then. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, John, for being here, and thank you for that presentation. As we've travelled the province, this is actually the first presentation we've heard on behalf of the Ontario Restaurant and Bar Association or anything of its particular nature, so thank you for that.

Your focus on revenue, jobs and tourism at the beginning—your comments were very helpful. I don't believe we have a copy of your submission, so it was tough to hear all of that and to take it in, all those details.

You talked about two things, about taxation and the Alcohol and Gaming Commission. Your initial comments were that the government is focusing on maxi-

mizing revenues. I would say to you that this government is focusing on that fine balance between investing in public services and reducing the deficit—just to clarify that it's not all about maximizing revenues, that it is about that fine balance.

Mr. John Couse: You're quite right, but I think if savings can be had, they should be looked at.

Ms. Leeanna Pendergast: I think that's sort of where I wanted to go. I kind of smiled when you said you guessed that some of the people on that list that you gave us are making more than we are, but it's not a guess—

Mr. John Couse: It's probably right.

Ms. Leeanna Pendergast: Yes, given we know that.

I had a question about—you were talking about the shift from two restaurants, perhaps, from the focus on the LCBO, and you make some good comments about tourism and supporting communities. Are you working with anyone on public campaigns or awareness, given that this is the first that the committee has heard this particular presentation?

Mr. John Couse: The reason that this is the first time you've probably heard this is that we're a relatively new organization and relatively small. We haven't got a lot of resources, and we're hoping to grow in the near term.

Ms. Leeanna Pendergast: Okay. And another, just because we're a finance committee: Do you have any cost analysis yet about what that would look like in terms of dollars?

Mr. John Couse: No. I'm not privy to the numbers in terms of markets and market share. I've presented a scenario that I think the government should look at, and I would think that the finance department has taxation receipts from sectors and they can flesh out the actual numbers and substantiate my hypothesis, or not. I think it's a pretty reasonable explanation of the opportunity costs in terms of jobs and tax revenue for the government if you are promoting the LCBO over the restaurant business.

The LCBO has tremendous weight in the marketplace because of the resources it has. It takes out full-page advertising. It takes out radio spots. It has a glossy magazine. It has glitzy stores, and it is very successful in drawing customers into the stores. I'm just here to point out that you're drawing those customers into the stores, away from the hospitality industry. We're competing for the same customer, and it's probably not the best thing to do in terms of the health of the hospitality industry, in terms of job creation and in terms of healthy tax revenues.

Ms. Leeanna Pendergast: Thank you for reiterating that. If that's not the best thing to do, what would you say the one ask is that you have today for this committee to consider?

Mr. John Couse: That's a very good question. We're asking for a review on the part of the government of the circumstances of the situation that I've outlined here. We would like the AGCO to move from suspension. I would like to see a little more of a level playing field between the LCBO and the hospitality industry, in terms of

marketing and market share. I think the LCBO is taking advantage of their monopoly situation and the fact that they're so large, and it's to the detriment of the industry. I'll give you one small example. The Ontario portion of the HST, which is the old retail sales tax, charges 8% to the customer of the LCBO, but it charges 10% to the customer at a restaurant. I don't know why, and I don't know if anybody here can answer that. There's a 2% discrepancy, and it doesn't make sense to me why that would be. It looks bad, in that your customers pay 8% and my customers pay 10%. Not only is it a 2% discrepancy, but it is a 2% discrepancy in sales tax on a five-times-larger retail sale amount—so you're actually making a lot more than 2%.

All I'm saying is that the government should look at making a level playing field between the two industries.

The Chair (Mr. Pat Hoy): Thank you for your submission.

NATIONAL AIRLINES COUNCIL OF CANADA

The Chair (Mr. Pat Hoy): Now I'd ask the National Airlines Council of Canada to come forward. Good afternoon, gentlemen. You have 10 minutes for your presentation. There could be up to five minutes of questioning, this time from the official opposition. I'd just ask you to state your names before you begin.

Mr. George Petsikas: George Petsikas.

Mr. Cyriel Kronenburg: Cyriel Kronenburg.

The Chair (Mr. Pat Hoy): Go ahead.

Mr. George Petsikas: Thank you for the invitation to appear before you today on behalf of Canada's major airlines and in partnership with our colleagues from the International Air Transport Association.

I'd like to take a few minutes of your time to urge you to eliminate the provincial tax on aviation fuel for trans-border and international flights. I hope to briefly make a compelling case in this respect and thereafter take your questions.

I'm pleased to be accompanied today by Cyriel Kronenburg, who is the assistant director of infrastructure charges for North and South America for IATA.

A quick background on our respective groups: The National Airlines Council of Canada is the trade association representing Canada's largest national and international passenger air carriers; namely, Air Canada, WestJet, Air Transat and Jazz Air. The NACC promotes safe, environmentally responsible and cost-competitive air travel for all Canadians. Collectively, our member airlines carried more than 48 million passengers and directly employed almost 40,000 people in 2009. Total revenues of the four airlines exceeded \$14 billion and their estimated total economic output impact was \$19.6 billion. When externalities and secondary impacts are factored in, we estimate the activities of our members provide gainful employment to over 85,000 Canadians from coast to coast.

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Furthermore, as the airlines that represent the underpinnings of Canada's domestic and international air services network, we are major facilitators of national economic activity and commerce and are key components of Canada's multi-billion-dollar travel and tourism industry. We are also by far the largest users of Ontario's leading international airports, namely, Toronto Pearson International and Ottawa Macdonald-Cartier.

IATA is the world's leading air transport association, representing over 230 airlines from every corner of the globe. IATA members carry over 93% of the world's scheduled air traffic and offer the vast majority of foreign air carrier international air services and connections at all major Canadian gateways and airports.

Addressing the need for elimination of taxes is certainly nothing new for the airline industry. While we definitely have reason to be proactive on this front, given the plethora of federal and provincial taxes, fees and charges that abound for our industry and for the travellers who pay the bills, we sometimes overlook the fact that recommending that a public treasury forgo an existing revenue stream is in fact the cost that we are asking someone else to bear—namely, the taxpayer.

What ultimately becomes obvious as a result is that this cost needs to be transformed into a public investment, one that will pay dividends for the taxpayer and the overall economy—if not in the short term, then certainly over the medium to longer term. In brief, if we're going to ask for this commitment, then a return-on-investment analysis becomes a fundamental prerequisite to such a debate. As a result, the NACC and IATA recently commissioned a study by Professor Fred Lazar, an eminent economist at York University's Schulich School of Business, and a long-term observer and commentator on the airline industry, to analyze the effects and impacts of eliminating the 20-cent-per-litre tax on aviation fuel on Ontario's economy. I am pleased to provide you today for your review and consideration copies of Professor Lazar's final report on this subject, which was publicly released a little earlier this week.

He has essentially identified four key benefits for Ontario and its economy that would result from the elimination of the provincial fuel tax. They are as follows:

(1) Ontario would harmonize its aviation fuel tax policy with that of the Canadian and US federal governments, as well as with the policies of most Canadian provinces and US states. In an increasingly integrated North American economy, this obviously translates into enhanced and continued overall competitiveness for Ontario's vital travel and tourism industry. It would also fall on the heels of the recent announcement by the BC government to introduce legislation by 2012 to eliminate its own tax on aviation fuel, thus helping Vancouver International Airport to consolidate and strengthen its position as the leading trans-Pacific gateway.

(2) Significant benefits would be generated for Ontario's economy. Bearing in mind that aviation is a major enabler and facilitator of many sectors of the economy,

including travel and high-value-added international tourism, Professor Lazar estimates that the removal of the tax may generate direct additional economic output of between \$59 million and \$74 million per year, as well as incentivize up to 105,000 more air travellers per year to use Toronto and Ottawa airports and up to 29,000 more tourists per year to visit Ontario. It may also lead to the creation of over 1,000 new jobs in the province. On this last point, it is important to note that these jobs would be created at an initial investment of approximately \$33,000 to \$50,000 per job, or about 35% to 50% less, according to Professor Lazar, than the usual expenditure cost per job; in other words, a substantial bang for the taxpayer buck.

(3) The cost-competitiveness and strategic positioning of Ontario's leading international airports would improve significantly. This is particularly important for Toronto Pearson International Airport, a major economic engine for the GTA and southern Ontario as a whole, as it would allow it to consolidate and strengthen its position as Canada's pre-eminent transportation hub and gateway by maintaining and attracting new transborder international air services. To this end, Pearson is in direct competition with large hubs in the US such as Chicago, Detroit, New York and Minneapolis, and is currently facing major challenges in the form of passenger-traffic leakage to low-cost border airports such as Buffalo. The NACC and IATA are already working with our partners in Canada's travel and tourism industry to address this structural cost issue at the federal level by seeking to amend or eliminate policies that clearly impede Pearson airport's ability to realize the above-mentioned critical objectives. We hope that Ontario will become a full partner in this.

(4) Productivity growth rates and the overall competitiveness of Ontario's base manufacturing and service companies would be enhanced. This would principally be the result of positive externalities, resulting from increased air transport activities at Ontario's major international airports. This, in turn, would lead to improved connectivity and integration with import/export and tourism source markets abroad, as well as higher business productivity through the more efficient transportation of persons and goods.

In summary, we believe that there are now very compelling reasons for Ontario to seriously consider eliminating the provincial tax on aviation fuel used for transborder and international air services, and we respectfully urge you to follow through in this respect.

Thank you for your kind attention. We would of course be pleased now to take your questions.

The Chair (Mr. Pat Hoy): Thank you. We'll move to Mr. Miller of the official opposition.

Mr. Norm Miller: Thank you very much for your presentation today and for the detailed written presentation that you've given us, which we'll have a chance to review later.

I'd like to get a better idea of what some of the competing jurisdictions are doing in terms of the gas tax. You said that BC has just eliminated gas tax for aviation

purposes for international flights. What about those competing US hubs that you were talking about? You're in one of these regional hubs in the United States. What gas tax would you be paying?

Mr. George Petsikas: Well, we've certainly looked at the ones I've mentioned where, of course, they have a direct interest for Pearson and their ability to attract traffic. To the best of our knowledge, when we're looking at states such as Illinois, Michigan, New York or Minnesota, none of those states apply taxes to fuel used for international aviation at those airports.

You're quite right, but I just want to correct you a little bit on BC. BC has announced that they will introduce legislation in 2012 to get rid of the tax, but clearly, there is an obvious will to get rid of it because they understand the need to be competitive on that front.

Mr. Norm Miller: Okay. In terms of being competitive as a jurisdiction for Ontario, then, if the province doesn't do away with the tax, they risk losing business to these other jurisdictions, because companies would locate—

Mr. George Petsikas: What we're saying is, obviously, Pearson will always be Canada's leading airport in terms of traffic volumes. I don't think there's any threat there in the short term. The problem is, how do we help Pearson grow and develop what are, first and foremost, world-class facilities? We all know that the Greater Toronto Airports Authority, in combination with the airline community—and our passengers, who of course pay the airport and import fees—has invested \$7 billion in creating a world-class terminal and airport. Now we have to get people through there.

What you're seeing is a trend which is very disturbing, which I mentioned before, about Buffalo, for example, which is the direct case applicable to Toronto and Pearson. Somebody said the other day that they did a quick count of cars and licence plates at Buffalo international airport's parking, and 40% of them were Ontario licence plates.

Mr. Norm Miller: So on that point, I certainly talk to people—you're chatting with them and they're flying wherever, and you ask them about details, and it's true: A lot of them are driving to Buffalo even though it's more inconvenient for them, and they cite, "It's cheaper out of Buffalo, so I'm going there." Are there other fees, taxes or requirements to do business in Ontario that are making it more expensive? Do you want to itemize or list some of those?

Mr. George Petsikas: Clearly, we focused here on what is within your purview, obviously, in terms of the provincial tax that Ontario applies. I think a lot of the problems and issues are at the federal level, as I mentioned. Clearly, we have airport rent that is applied to Pearson, almost \$160 million a year—I'm not sure if I've got that number. We have one of the highest security charges in the world that the federal government collects; that adds to the ticket price. We have, in fact, all sorts of federal domestic fuel excise taxes, which are four times what the United States charges for its domestic air

services. We're focusing on the international aspect here, in terms of developing that sector, but there are many issues that the federal government has to come to the table on, and we are working on that front as well.

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Mr. Norm Miller: Back to the provincial gas tax issue: What do the other provinces do with international flights?

Mr. Cyriel Kronenburg: If I'm allowed to add something, from the international perspective, I think the difference that occurs between Ontario and other states in the US is the fact that Ontario and BC are the only two provinces that collect this tax on international fuel uplift. It's actually unlikely and highly unusual in the rest of the world that such a tax is levied on international aviation.

Mr. Norm Miller: So the standard is, no tax on international.

Mr. Cyriel Kronenburg: The standard is, no tax. When you compare, for instance—a state like California has zero tax. The state of Washington, DC, has three cents per litre, but only on domestic flights. When you look at Ontario competing with Illinois, with New York, with Michigan, then you're clearly seeing that leakage from the fact that there is no tax in the competing environment. I think that's a direct disadvantage to an Air Transat or Air Canada when they are compared to a Delta or an American Airlines operating their hubs out of North America.

Mr. Norm Miller: Has it been that way a long time or is this something relatively recent?

Mr. Cyriel Kronenburg: We've applied for this removal before. The answer we've always received was, "Come with a clear business case." That's why we're here today.

Mr. Norm Miller: But the tax has been in effect for many years, then?

Mr. George Petsikas: Yes, it has. And I want to just underline again: We are working with our partners in travel and tourism. Travel and tourism in Canada is a \$75-billion-a-year business and employs over 600,000 people per year, coast to coast. Ontario, of course, is a major part of that. This is a major part of our economy. Canada used to be number eight in international arrivals in the world in terms of international tourism. We're now number 15 and dropping. That says that we have a problem.

What we need to do is to have a strategy here which reduces input costs on the industry and allows us to offer a competitive product to everybody and anybody who's looking to go and travel around the world, and say, "You know what? Canada—Ontario—is an interesting place. It's got a competitively priced product and I'm going there next year, as opposed to the cheaper thing I can do in Australia for two weeks for the bang for the buck that I get." That's all because of taxes and input costs that we have to address in this country, federally and, of course, starting with the provincial tax on fuel here in Ontario.

Mr. Norm Miller: Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. George Petsikas: Thank you for your time.

ALLIANCE TO END HOMELESSNESS

The Chair (Mr. Pat Hoy): I would ask the Alliance to End Homelessness to come forward, please. Good afternoon. You have up to 10 minutes for your presentation. There could be up to five minutes of questioning. In this case, it will come from Mr. Tabuns of the NDP. If you would just state your names before you begin for our recording Hansard, you can start out.

Ms. Marion Wright: Thank you very much, and thank you for hearing us this afternoon, on a Friday afternoon. My name is Marion Wright, and I'm the chair of the Alliance to End Homelessness. I'm also the CEO for the Canadian Mental Health Association, Ottawa.

Mr. Dan Sabourin: Good afternoon. My name is Dan Sabourin. I'm the vice-chair of the Alliance to End Homelessness, as well as the director of community services for the Youth Services Bureau.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Marion Wright: Thank you very much. I would just like to confirm, Mr. Chair, that we are circulating some pictures for members of the committee. We will speak to them and, with your approval, following the end of the meeting, will actually collect the pictures back, to maintain the privacy of the individual involved.

The Chair (Mr. Pat Hoy): Very good.

Ms. Marion Wright: Thank you.

Thank you again for entertaining us here this afternoon. What we're here to talk to you about is the critical role of housing in what we're calling the back-to-basics Ontario budget for 2011.

We come with three major recommendations. My colleague and I will speak to them and then go through some of the background information for you so that hopefully we'll be able to answer your questions.

The first recommendation: The Alliance to End Homelessness Ottawa, with its 75 member organizations, recognizes the challenges that are faced by the provincial government and urges a back-to-basics approach that includes housing for the 2011 budget. That's the first recommendation.

The second recommendation is to increase provincial government expenditures in affordable housing—in particular, housing that people who are on low incomes can afford—in the 2011 budget.

The third is that people in Ontario need to see hope in the 2011 budget. It has been a difficult time. It's a hard time for many Ontarians. Now more than ever, voters want to see the government acting to make sure that everyone has an appropriate place to live. Another word for hope is, of course, leadership, and leadership that is both strategic and risk-taking.

I'd like to speak to the first recommendation initially. The Alliance to End Homelessness, with its 75 member organizations, recognizes the challenges faced by the

provincial government and urges a back-to-basics kind of approach that includes housing. What is fundamental to all of us in Ontario? We agree that the list ought to include business and economic strength, residents who are in good health, well educated, trained, and, of course, employed. To this list we add housing, the other fundamental to every Ontario resident.

I'd like to refer you now to the five-picture sequence that I've given to each one of you. This is an individual who is in Ottawa and for seven years was vulnerably housed. Looking at the picture on the first page, you can see what she looks like up close. She's living in and out of the shelter, on the street. She has two children, neither of whom she had access to at this time. She was vulnerably housed and in and out of the shelter system for seven years. She's hep C and HIV positive and an intravenous drug user.

If you look to the second page, you can see how she made enough money to foster her addiction. She was a street worker, and she worked many times and many ways for many years in that situation.

The third, again, is this individual on the streets working, again, as a street worker.

The fourth is taken about two months before she was housed. At this point, she had been involved in addiction and mental health treatment for a number of months, including concurrent-disorder treatment to try to reduce her active use of drugs.

The final page is where she is today. Her name is Laurie. If you ask her, "How did you get there? What was the single most critical thing?" she says, "I have a home now." It's not a house; it's a home, and what that home meant for her was everything, with respect to her recovery. She has not used, ever, since she's been in her home. She has been in her home since September. She won't let anyone even smoke in her home. She has now been reunited with one of her two children and with her father. She's starting to volunteer. She is receiving a rent supplement from the Canadian Mental Health Association and is actively involved in treatment, and is now looking at working in a laundry co-op working with the homeless. That is the picture of what housing can do to end homelessness one door at a time, one Ontarian at a time.

We really urge the provincial government to give priority to housing for all Ontarians in this budget and, in many ways, to stop undermining many of its own efforts. It's very impactful when you see a story in pictures like this and you look at the fact that she had access to treatment, she was involved in treatment, but what made the difference for her was to have stable, safe, affordable housing.

We believe that the Ontario budget expenditures need to be realigned, not increased, in order to be sure all fundamentals are being dealt with from a position of effective and strategic leadership. Cross-ministerial input is important.

Now I'll turn it over for recommendations 2 and 3 to Dan Sabourin.

Mr. Dan Sabourin: I'd like to start by saying that certainly in the province, with the poverty reduction strategy and the affordable housing strategy, there have been some gains. I think what we are presenting today are actually both the social and economic impacts of setting really clear targets, that where the poverty reduction strategy indicates that housing is a key element, we would suggest it's the primary element, because you can feed kids, but if they don't have a place to stay, that's not going to matter much.

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I'll just review recommendation number 2. This is a sound investment that creates both long-term and short-term jobs and supports diverse, stable, inclusive communities. Affordable, appropriate homes for everyone, no matter their income level, are the foundation for a prosperous province, part of an economic strategy that includes a poverty-free Ontario.

Specifically with the budget, we'd like to see a significant down payment on a 10-year affordable housing strategy. We're looking at 8,000 to 10,000 new units as a concrete, measurable target.

Ontario should contribute, in 2011, at least the same amount of funding as in the previous two years, approximately \$45 million, to extend the affordable housing program, matching the expected federal contributions, and commit to this funding annually for the next three years.

The Ontario government should, in addition, provide funding and other measures to maintain good, affordable homes for Ontarians, since much of the existing affordable housing is in serious need of repair and significant maintenance.

Ontario should introduce an Ontario housing benefit, a monthly benefit to make existing rental housing more affordable to low-income Ontarians by reducing the gap between high rents and tenant incomes.

Finally, Ontario should announce, as a non-monetary measure in the 2011 budget, that it plans to amend Ontario's Planning Act to direct municipalities to require the inclusion of housing at prices affordable to lower-income households in the development and redevelopment of land to stimulate the development of stable, accessible and affordable housing. You'll see later on that we do break down the economic benefit of doing so.

Recommendation number 3: As Marion had indicated, people in Ontario need to see hope in the 2011 budget. Now more than ever, voters need to see the government acting to make sure that everyone has an appropriate place to live, and, as Marion indicated, it's around leadership.

In the work undertaken by the 75 member organizations of the Alliance to End Homelessness Ottawa, the importance of hope for the future can never be underestimated as a motivator for change and for staying the course together. When the Ontario government released the long-term affordable housing strategy on November 30, the plan failed to deliver details that would produce a single new unit of subsidized housing or meaningful, im-

proved housing affordability for low-income Ontarians. Our member organizations are painfully aware that over the last few years, the affordable housing program has averaged only 3,500 new units province-wide per year. Here in Ottawa, there were approximately 5,800 new homes for purchase in 2009, and about 6,500 in 2008. As far as affordable housing, there were only 88 created last year.

Over 2010-11, one-time stimulus spending of federal-provincial-municipal dollars is expected to result in 751 new affordable units. That would bring the Ottawa community up to about 1,800 affordable units added to our housing stock since 2000, an average of 164 units a year over 11 years.

So we have seen very welcome dollars come into Ottawa to begin addressing repairs and maintenance, but the number of people in our over-capacity shelters and on social housing waiting lists tells us that we need to quickly increase the amount of affordable housing for people on lower incomes so that they can afford to live.

Ms. Marion Wright: I'd like to just draw the committee's attention back to pages 4, 5, 6 and 7. Page 4 shows the shelter bed costs in Ottawa projected on our six-year trends. Looking at the province's portion going from \$14 million to \$30 million over the next 10 years, if nothing more is done, that's only the per diem cost for housing people in emergency shelters.

Again, on page 5, we show what you could do with investment and how you could save, and also how that would result in fewer people having to use the emergency shelters and what those costs would be compared to the ever-increasing costs of simply housing people per diem in the shelter system.

We also show a road map to how we think that we could, together with your help, together with the municipalities as well, meet the targets to end homelessness in one city, in Ottawa, in 10 years. We show you, at the bottom of page 6, the increasing trends in terms of number of individuals. The number of families has risen in a staggering amount, and of course, the length of stay over the past six years has also risen in an incredible amount, predominantly in families and in youth.

The Chair (Mr. Pat Hoy): I'm going to end your presentation there because I thought you were finishing with the gentleman, and you are about a minute over. But the members will certainly look at the rest of the packet. Now, we'll go to questioning, which is important, from the NDP's Mr. Tabuns.

Mr. Peter Tabuns: Thank you very much for doing obviously a large amount of background work and coming and presenting to us today. You just quickly touched on the affordable housing options and costs—emergency shelter versus long-term shelter. Without looking at this in greater depth, can you tell us: Is it a break-even proposition with people getting far better quality of life? Is it a cost-saving proposition to go to permanent, long-term housing? Can you tell me what it is and what sort of quantities we're talking about, if we're talking about savings?

Ms. Marion Wright: We're looking very much at it being a cost savings, if you look at the economic benefit. The human benefit, of course, is well understood. But if you look at the economic benefit, and again, I'll refer you to page 5, the degree of a benefit depends upon how the demographic group is housed and whether or not they need supports to go along with it. We'd like to applaud the Minister of Health in creating 1,000 new affordable housing units through rent supps for people with problematic substance use. There are many Ontarians who, in addition to affordable housing, also need to have supports to assist them in recovering from mental health and addiction issues and, of course, including long-term stabilized housing.

Mr. Dan Sabourin: If I can, just really simply, one person in a shelter is about \$1,200 for the month. A person housed, paying rent on OW, for instance, is about—for a family, it's about \$540. So the more people you get out of a shelter is a net difference; even if they weren't working but had their own home, then there are other benefits to that. It's probably about \$800 a month, out of a shelter.

Mr. Peter Tabuns: Okay. That's a very useful figure for me. If, in fact, the requests you've made are not met, what would be the consequences for the population?

Ms. Marion Wright: From an economic perspective, continued rising costs, which is the per diem only, will more than double in 10 years, and 80% of the per diem is paid for by the province. It's only 20% of the per diem that is paid for by the municipality. So you'll see a substantial increase, and that's just the per diem for emergency shelter. It doesn't take into account any of the other services or in fact the contributions made by shelter operators in terms of donations or in-kind kinds of work. We estimate that to be about 40% to 50% of the overall cost—so, really staggering costs, increasing substantially.

Mr. Dan Sabourin: Working in the field, we understand the social impact that it has on families, but I think the business plan—economically, you're going to see that the larger cities in Ontario are the ones that are paying most of the homelessness costs. In those cities, you've also got other costs there attributed to the municipality, whether that's policing, ambulance, hospital care etc. Exponentially over the next couple of years, that will have a great increase or cost to cities. The people who are living in the cities—and the costs are not necessarily people just born in Toronto or Ottawa. These are people who come from all over the province. It's a provincial issue; it's not a city—you know, it's major cities that respond and react to homelessness, but it's a provincial issue.

Mr. Peter Tabuns: As I understand it, the waiting lists continue to grow and grow. Certainly, when I deal with my constituents and we try to find housing, that's the simple reality. Are people doing analysis of the social and health impacts on those people who are being forced to wait longer and longer?

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Ms. Marion Wright: The waiting list in Ottawa is about 10,500 households at the present time. We haven't seen it decrease, and you know, of course, that there are priorities attached to that: people fleeing abuse etc.

We have not done the economic analysis. We're there to pick up the people and try to house them, try to provide health care, try to treat them, try to recover them or try to sustain them in often unsustainable circumstances while they're waiting for housing. I certainly think that there are organizations—I think of the Mental Health Commission of Canada, which is looking at a five-site housing initiative, with one site in Toronto. Look at other places that do have the structure and the engine to be able to do that kind of analysis.

Mr. Dan Sabourin: The other part to that is, it's really a difficult measurement. What we've done here is, I think, put the concrete cost of a shelter bed versus housing.

I think the other economic impacts are, again, school failures. Many of the students in primary or secondary who are not doing so well—that's usually related to housing issues. You have ambulance costs. You have a number of impacts where it's really hard to accumulate what the real cost is, but it's far larger than just what we're presenting here as far as the community and all the costs associated with that.

Mr. Peter Tabuns: Well, that makes sense to me. Thank you.

The Chair (Mr. Pat Hoy): Thank you for the presentation. I remind members that these presenters would like to have the pictures back. Thank you for your submission.

CHAMPLAIN COMMUNITY SUPPORT NETWORK

The Chair (Mr. Pat Hoy): Now I ask the Champlain Community Support Network to come forward, please. Good afternoon. You will have 10 minutes for your presentation. The questioning could be up to five minutes and will come from the government in this case. I just ask you to state your names for our recording Hansard, and then you can begin.

Ms. Lise Richard: Lise Richard.

Ms. Dianne Kuipers: Dianne Kuipers.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Lise Richard: Merci de nous accueillir devant le comité.

Thank you for the opportunity to appear before this committee and to provide the perspective of the Champlain Community Support Network and the not-for-profit home and community health sector in the Champlain region on the 2011 provincial budget.

I'd like to start by giving a small testimonial. When asked how the Going Home program, which is an aging-at-home-funded initiative, helped her after coming from the hospital, Mrs. E stated she could not say enough good things about the people who came to her home. "I was so

weak in the mornings I couldn't even get my own breakfast. By the afternoon, I wasn't too bad." She explained that her son, who lives with her, leaves early in the morning for work and was unable to help her before he left.

After breakfast was prepared for her, Mrs. E said that "the girls" would help out with any housework: "Everyone was so friendly and helpful." Mrs. E added that she appreciated the Meals on Wheels, as she was too weak to make her own meals. "They were very good," she says. Mrs. E and her son are now more aware of other community services available and will be using them in the future. For instance, she will be signing up for the Lifeline services. Mrs. E says, "I want to stay in my own home as long as I can, and having the help makes me able to do that."

For those of you who may not be as familiar with our network, allow me to tell you a little about us. Community support services are partly funded by the Ministry of Health and Long-Term Care through the local health integration networks. Responding to individual needs, agencies provide an efficient, consistent and coordinated range of services designed to help people live safely and independently in their homes as long as possible. They provide essential services through professionally trained staff and volunteers who care about quality of life. Services are provided in the comfort of home or in the community, respecting individuality and diversity.

Agencies provide services to help reduce isolation and keep people safe in their homes, as well as to provide education and support to caregivers of seniors and adults with physical disabilities. Some of the services you may be familiar with are Meals on Wheels, transportation to health-related appointments, adult day programs, home help and home maintenance, as well as attendant care services, to name just a few. Home and community support services are crucial to preventing premature, inappropriate emergency room visits, hospital admissions, and acute health care or long-term-care home placements.

The Champlain Community Support Network works in partnership with the Ontario Community Support Association, a network of agencies providing home and community care to 750,000 Ontarians per year. The majority of community support services in Champlain are member organizations of the provincial association. Community support services vary in size between one and 730 employees. I would like to add that that last figure is quite rare; most agencies would have under 10 employees.

Some community support programs are located within community resources and community health and long-term-care facilities. Provincially, 25,000 employees provide quality care to 750,000 people, and 100,000 volunteers donate almost seven million hours of service yearly, with a value of over \$162 million. That's based on the average wage in Ontario in October 2010. In the Champlain region, there are 59 community support services, serving urban centres as well as geographically large and remote rural areas.

We are conscious of the government's health care objectives to contain spending, reduce hospital wait times and create a culture of health prevention and better disease management. All of us working in health care realize that with an aging population, chronic disease is becoming more prevalent and smaller families are often scattered across the country, making caregiving more challenging; that we all must be as innovative and efficient as possible. A progressive, modern health care system keeps people healthy and connected in their homes and communities, not sick and alone in institutions. We believe that home and community support works because it offers local, flexible solutions.

As you heard in Mrs. E's testimonial, home and community support services have a significant impact on people's lives by supporting instrumental activities of daily living.

Ms. Dianne Kuipers: And now, here is the key: Keeping people living independently in the community and out of hospital is a more cost-effective means of health delivery than institutional care. Investing in home and community care frees up hospital beds and unclogs emergency waiting rooms. Examples in Champlain include aging-at-home investments such as the Going Home program, Aging in Place and, more recently, assisted living services. There are also decreases in long-term-care home placements and long-stay hospitalizations, both at lower cost to the health care system. It is our position, then, that modest, targeted funding for community-based health services in the 2011 budget is a justified long-term investment.

Some strategic investments that could be made to enhance our capacity to provide more service to more people, thus helping to reduce hospital admissions or readmissions, include serving high-needs seniors by providing expanded services, including evenings and weekends; supporting family caregivers by investing in day programs and respite care; and funding to increase services for people with physical disabilities to address the long wait-lists for these services and keep people out of ALC beds, rehab hospitals and long-term-care homes.

An ongoing concern is the shortage of home and community health workers. One of the reasons for the difficulty in recruiting and retaining workers is the disparity in compensation and working conditions between the community health sector and the institutional health sector. We urge the government to look at this disparity, especially the absence of a pension plan for workers in the community health sector, which is a barrier to the mobility of workers across the health sector.

There also continue to be, in the absence of standardized training and accreditation processes, concerns for the quality of the training provided to personal support workers, undermining the confidence of employers and the general public. We therefore recommend appropriate resources to support the development and monitoring of training criteria.

Finally, we would like to tell you a little bit about the challenges we face locally. As the volunteer base in com-

munity support ages, we face new challenges in volunteer recruitment.

Another pressure is client fees: There are concerns that to keep people living at home longer, we'll require clients to access a larger number of services that they may not be able to afford. Furthermore, with a 0% increase to base budgets and cost-of-living increases that have a direct effect on fundraising, the cost of service may need to be downloaded to the client under the existing funding structure. It's important to note that community support services generally receive between 50% to 70% of funding from the Ministry of Health and Long-Term Care. The rest needs to be fundraised.

1450

A wait-list of four to 10 years for attendant care services is also of great concern to our sector and comes at a great cost to taxpayers, given that people waiting for attendant care services end up using more costly services, such as hospital and long-term-care beds. With even a small increase in funds, our network can move forward to reduce the wait-lists for services for people with physical disabilities, increase capacity within the community sector to prevent or delay the need for more costly health services, and enhance the information management capacity of member organizations to assess client needs, target services and track client outcomes.

In closing, we encourage MPPs to think strategically. Investing in home and community services now will save the government money in the near future, and it will improve the health of Ontarians.

We thank you for your attention today, and we would be very pleased to answer any questions you may have. Merci pour votre attention.

The Chair (Mr. Pat Hoy): The questioning will go to the government. Ms. Pendergast?

Ms. Leeanna Pendergast: Thank you, Lise and Dianne, for being here, and thank you for all the great work that you do on behalf of the Champlain Community Support Network. I loved your testimonial that you began with, because it really is a perfect example of support for the government's aging at home strategy and why we are so committed to that strategy. So thank you for that.

I want to start at the end of your presentation and work backwards. As I said earlier this week, that's how I read a novel too: I go to the end and then I work back. I think it's from being an English teacher; you want to know the bottom line. But you end with saying, "...to think strategically. Investing in home and community services will save the government money." Absolutely; no argument there, and we've heard consistently throughout the province that this is the case.

Your report is very succinct, and you've hit the points that we've heard sort of scattered here and there and brought them all together, so thank you so much.

This is a really big question, but because we're a finance committee: Any numbers, studies or statistics that we could really take a look at, in terms of, when you say that it would save the government money in costs, that you could perhaps refer us to?

Ms. Dianne Kuipers: We are really grateful to our provincial association, which has done quite a great study. The briefing notes that are included before you have some of the formulas that they used to figure that out.

In terms of savings, I don't have that specific figure, but I can tell you that in terms of the investment, the association and all of us who are members of that association are advocating for a 1% solution. In fact, what that means is shifting 1% of the funding that typically goes to the hospital into community support services. With that 1%, we could address rather significantly some of the issues we outlined today.

In the briefing note, those issues and those areas are quite extensively explained. It's actually a strategy that would take about three years to come to fruition. There's a percentage of less than 1% per year.

Ms. Lise Richard: Yes, it would be a percentage of the increase that is meant for the hospitals over the next three years, up to 1% by year three. That's the solution.

Ms. Dianne Kuipers: And incremental.

Ms. Leeanna Pendergast: Okay; very helpful. Thank you.

Really unique, about your local challenges—it's really good to hear that as well—and about a volunteer base and client fees. We haven't heard a lot about that. Can you tell us, specifically in terms of your volunteer base, what strategies and suggestions you're working on?

Ms. Lise Richard: We're working—well, we're trying to work at it at different levels. But essentially, what it boils down to is that many of our organizations which have a very strong volunteer base, as you saw in the numbers—and they're not different in Champlain from what you see provincially, so we're pretty much on average with that—the majority of the volunteers are aging themselves. They've been volunteering for many years, so we're expecting a huge drop over the next few years in the capacity of the volunteer base that we have now. So we really need to think about new strategies to recruit new retirees etc. We're not really expecting that the baby boomer generation, for instance, will volunteer the same length of hours. The strategies need to be very different. There have been a few studies around that. We're looking at that but we certainly, in the interim, have some concerns about how we can strengthen that volunteer base.

Ms. Dianne Kuipers: If I may, a recent HR study demonstrated that the average age of our current volunteer base is 70 to 80 years old. So our volunteers are becoming our clients and that's the concern. Some of the coalitions in the Champlain area and some of the organizations across Ontario are targeting certain employers. Retiring teachers are approaching the HRPAAO to see if there is a way for us to work in partner together to help plan the retirement stage of folks and to see whether community support services might be a venue for which they could work and contribute.

Ms. Lise Richard: We're also looking at how we might be able to find efficiencies by looking at volunteer

recruitment as a collective, because traditionally, all the agencies do their own recruitment. We really feel that with a new strategy, we need to get our minds and our resources together to make it happen efficiently.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Lise Richard: Thank you.

Ms. Dianne Kuipers: Thank you.

The Chair (Mr. Pat Hoy): Now, I ask the Cement Association of Canada to come forward, please. The cement association?

We'll recess until he arrives.

The committee recessed from 1454 to 1459.

CEMENT ASSOCIATION OF CANADA

The Chair (Mr. Pat Hoy): The committee will now reconvene. I believe we have the Cement Association of Canada representatives here now. Indeed, you were booked for 3 o'clock. You have 10 minutes for your presentation, gentlemen. There could be up to five minutes of questioning following that. I'd just ask you to state your names for our recording Hansard, and then you can begin.

Mr. Michael McSweeney: Michael McSweeney, president, Cement Association of Canada.

Mr. Steve Morrissey: Steve Morrissey, director, Cement Association of Canada.

Mr. Michael McSweeney: Mr. Chairman and committee members, good afternoon and thank you very much for this opportunity to present the concerns and recommendations of the cement industry of Canada.

I apologize for being a few minutes late. I was out in Regina at the National Infrastructure Summit that Mayor Fiocco was hosting there, which spent the last three days examining the state of Canada's infrastructure, and it was quite an interesting conference.

I represent the cement manufacturers in Ontario. Many of them are names that you would know: Lafarge North America, St. Marys Cement, Holcim Canada, Essroc Italcementi and Federal White. Together, our members manufacture over six million tonnes of cement each year. The cement and concrete industries in Ontario employ 16,000 people and contribute over \$6 billion of economic activity to our province. They allow the province, in fact, to be self-sufficient in meeting the cement demand we have for our province's infrastructure.

As many of you may know—and we get asked this question all the time, “What's the difference between cement and concrete?”—cement is a fine grey powder that's mixed with crushed stone, sand and water to make concrete, which is one of the most durable, sustainable and cost-effective construction materials across the world. Cement is the glue that holds the concrete together. It's a strategic commodity and it's a critical component to Ontario's infrastructure plans today and into the future. In fact, cement really underpins the construction industry. With no cement and no concrete, you

would have no construction industry in this province, in this country or around the world.

Even though the economy has been recovering slowly, our industry has been significantly impacted by the global recession. Our members have experienced the largest declines that they've had since the Great Depression. Our exports to the US continue to be constantly and sharply declining. Although the economic recovery is under way, it will be quite some time before we see a return to our pre-recession levels. More worrying still is the continued appreciation of the Canadian dollar, which of course hurts all manufacturers in Canada and in the province.

We applaud the government of Ontario for introducing measures that allow a significant renewal of the province's infrastructure. We need to encourage governments provincially, federally and municipally to maintain the pace of infrastructure renewal. Our primary message to you today is, whether you're investing funds alone, whether you're doing it through a P3, whether you're doing it with junior levels of government, you need to take the broader view and focus on a concept called “total cost of ownership.” The motto should never be “Lowest cost wins.” The motto should always be “Build it once, build it right and build it to last.” In that way, we will ensure that new projects contribute to achieving Ontario's sustainable development objectives.

In order to do this, the government needs to be promoting issues like enhanced energy efficiency, project life cycle assessment and costing, and reducing greenhouse gases. If I might make a plug for one of our newest and most innovative solutions, when the province acquires cement for provincially funded projects, you should mandate the use of this new cement. It's called Portland-limestone cement, and has been CSA approved. It's in the National Building Code of Canada and it is a suitable substitute for general-use cement. If you use this cement in projects that the government of Ontario funds, you can reduce GHG-related emissions by up to 10%.

Current cement manufacturing is highly energy-intensive. Cement producers are large purchasers of electricity, and this cost has been rising steeply, as we know, in Ontario, with no end in sight. The increasing uncertainty over medium- and long-term electricity costs is really diminishing the desire of business to invest and reinvest in the province of Ontario. While the government has made changes to the allocation of the global adjustment that really are beneficial to us as manufacturers, our members are still facing massive increases in electricity costs, on average 12% in 2010 alone—this at a time when we've already implemented significant energy-efficient programs. The electricity crisis that you're facing today in Ontario is not just a residential consumer political battle; it's a crisis that will soon have business running out of the province looking for more friendly territories to invest in.

Regulatory and other business costs threaten to undermine our province's progress on the taxation front as well. Ontario's Open for Business Act provided the

government with many opportunities to help the province's existing businesses and create an environment that is attractive to new growth, yet our recent experience has been that for every one step the government takes forward, there's always a step back.

To compliment the government on a step forward, the MOE has undertaken a very ambitious modernization of the approval program, changes to the way certificates of approval are granted. They're greatly needed and much welcomed by our industry and other manufacturers.

We have recently begun work under the deputy minister, Gail Beggs, and her team on a cement working group that's looking at finding innovative solutions to the approvals process for the industry's most pressing issue, the use of alternative fuels in cement manufacturing, which will lead to reduced greenhouse gases in our province. The use of these fuels will be a win for the government of Ontario, the environment, and the health and safety of our citizens across the province. Alternative fuel use would enhance the industry's sustainability both environmentally, where we can reduce GHGs and other air pollutants, and economically, where fuels account for a substantial portion of our manufacturing costs.

To realize that potential, Ontario will need to bring the far-reaching Green Energy Act reforms to issues related to thermal energy substitution, much as it has done for the electricity sector. In addition, legislators will need to provide a signal through the review of the Waste Diversion Act, which you're currently looking at, that energy recovery from waste is much preferable to filling up our landfills across the province.

An example of a bad piece of legislation and a step backwards is the Toxics Reduction Act. It has placed and continues to place a tremendous burden on the cement industry and, in fact, all industry across the province of Ontario, for really questionable environmental benefits. While the CAC and our members fully support the Toxics Reduction Act and the key principles of the MOE strategy, we were frustrated with the development of the process. The province has been pressing full steam ahead with this implementation despite significant uncertainty that remains associated with the regulatory changes and a lack of accounting guidance from the MOE. We recognize the importance of this legislation to the government's environmental agenda; however, I ask you to consider, when you're looking at this in cabinet and caucus, whether delaying the implementation by one year would really affect the programs and goals.

Climate change is the single largest environmental and policy issue facing both the government and our members as well. Our members are actively researching new opportunities. We're working closely with ENGOs and we're working closely with the MOE to increase the use of biomass and low-carbon alternative fuels in our manufacturing process.

1510

We are an energy- and emissions-intensive and trade-exposed sector in Ontario and across Canada. Our members risk being placed at a disadvantage internationally,

both in terms of our domestic market share and in our primary export market share in the northern US, if the cap-and-trade program that the Ontario government is considering actually gets implemented.

While the government has committed to a 2012 start for the cap-and-trade implementation timeline, that's still only 10 months away—an implementation timetable that leads to an awful lot of uncertainty as to whether or not the goals can be accomplished or feasible. It's imperative that the development and implementation of a cap-and-trade program not be rushed, and that sufficient time be allocated for comprehensive consultation with the community.

In closing, Mr. Chairman and committee members, I wanted to leave you with one important message: The government must take action to ensure that the overall business environment in Ontario is favourable and sufficiently competitive to retain and grow the manufacturing sector in Ontario.

Once again, I want to thank you for allowing us this opportunity, and I'd be happy to answer any questions you might have.

The Chair (Mr. Pat Hoy): Thank you. We'll go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you very much for your presentation. I guess I'll start with your concern with energy costs. You said that they've increased 12% in the last year, and I think your words were something along the line that you're concerned that business will soon be running out of the province in search of more competitive jurisdictions. Then you also connected that with the alternative fuel use for the production of cement. The alternative fuel use working group is looking at alternative fuel use. Is that tires being used, for example, in the production of cement?

Mr. Michael McSweeney: No, there are no tires used in Ontario. Tires are used in other competing jurisdictions such as Quebec. We use in our processes approximately 95% coal and 5% alternative fuels.

Mr. Norm Miller: So what are the alternative fuels? I'm not saying that tires are bad; I'm just—

Mr. Michael McSweeney: Tires could be one of them, but at this point in time, it's not one we're asking for. Other alternative fuels would be anything that has a calorific value that goes into the landfill today: construction and demolition waste, plastics, carpets—anything like that. Then there are all the biomasses: biosolids, renewable switch grasses etc. Those are the things that we can reduce coal and reduce greenhouse gases.

Mr. Norm Miller: So there's environmental benefits and economic benefits by you looking at these alternative fuels?

Mr. Michael McSweeney: Yes, there are. So our costs to run the kiln are 85% for the coal and 15% for the electricity. What we're really trying to do is be energy efficient on both sides: on the electricity side, but also on the alternative fuel side. When we look at Quebec, which has an alternative fuel substitution of about 30% and Ontario is still below 5%—

Mr. Norm Miller: They're way ahead of us.

Mr. Michael McSweeney: —and we're in competing jurisdictions, we keep saying, "What's so different about the province of Quebec that they can substitute coal and produce 30% less GHGs than we do in Ontario?"

Mr. Norm Miller: I know Toby would like to ask a question.

Mr. Toby Barrett: Very briefly. Of course, we all support reducing toxins, but by definition, your industry—a petroleum refinery or a chemical manufacturing facility—the products you deal with, the chemicals, are, by definition, toxic. You don't eat them or drink them, for example.

I guess my question is: Through the Toxics Reduction Act, through filling out the forms, the additional paperwork, the annual reports, how does that reduce the toxics?

Mr. Michael McSweeney: It doesn't. And I would beg to differ: The products that go into our process are limestone, gypsum. They're only corrosive at the end of the process when water hits them. They're not corrosive at the beginning of the process.

Mr. Toby Barrett: So the toxic reduction legislation—can that be fixed? Can that be amended? Do we scrap that legislation? How do we—

Mr. Michael McSweeney: I wouldn't say we scrap it, but I would respectfully suggest that it's very difficult when government tries to apply a one-size-fits-all approach to solving any problem. I think that the goal of the Toxics Reduction Act is admirable, and it will be much more effective if the government takes its time and works with each sector—works with the chemical sector, works with the forestry sector, works with the cement sector, works with other industrial sectors—to say, "How are we going to do it?" Because at the present time, we're spending an awful lot of money on consultants, trying to come up with our own toxic reporting forms. The government of Ontario doesn't even have forms that every company and every industry can use to report in a uniform way.

We're spending tens of thousands of dollars with a consulting firm, saying, "Can you design us a form that each one of our five companies in Ontario can use?" Now, we don't know if that form will be accepted by the government of Ontario. We're hoping that if we're the first to develop a form, they may say, "Hey, this is a great. Look, the cement industry developed something that we can use with every other industry." But it takes time and resources, and when all of these things hit in a recession, it just makes it more difficult.

We want to be partners with the government. We want to work with the government. But in times of recession and slow economic growth, we'd just like government to say, "We'll just take a little bit more time than we would normally."

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CHURCH IN SOCIETY COMMITTEE OF OTTAWA PRESBYTERY OF THE UNITED CHURCH OF CANADA

The Chair (Mr. Pat Hoy): Now I ask the United Church of Canada and the society committee of the Ottawa Presbytery to come forward, please. Good afternoon. I'm sure you've heard, but you do have 10 minutes for your presentation. There could be five minutes of questioning. This time, it'll come from the NDP and Mr. Tabuns. I just ask you to identify yourselves for our recording Hansard.

Rev. Andrew Jensen: My name is Andrew Jensen. I am chair of the justice, ecumenical and global relations group, which is the umbrella group that the Church in Society Committee comes under. I'm appearing on behalf of Church in Society.

Rev. Laurie McKnight-Walker: I'm Laurie McKnight-Walker. I'm a member of the Church in Society Committee of the Ottawa Presbytery and a minister in Sandy Hill.

The Chair (Mr. Pat Hoy): Go ahead.

Rev. Andrew Jensen: Thank you very much.

This is the third time I've appeared before this committee over a few years. Typically, what I've done in the past is to come with a wish list, and it usually is one of those things where you folks look at it and you say, "How much is this going to cost?" I think that's always a fair question. We're doing something a little bit different this time. You should be getting from the papers that we brought a couple of different sheets, and I'm going to draw these to your attention. One of them is a two-sided paper that will bring some background information to what I'm saying. On one side, you see a short excerpt from an Ottawa Citizen article that gives some background on where we are coming from.

Our committee arranged for Dr. Jeffrey Turnbull, who's the head of the Canadian Medical Association, to come and speak to our presbytery. He did so, and what he did was give us some very inspirational thoughts about something that we had not really put together very well but that he did extremely well for us. He works with, and has worked with for quite some time—he's chief of staff at the Ottawa Hospital, but he also works with the Ottawa Inner City Health project. He was able to demonstrate to us how that particular project, through a relatively small spending of money, was able to help not only a number of people, but also to draw out of the costs of public health care in Ottawa about \$3.5 million. And that's after taking into account the money that was spent on the programs that this group is using.

The foundational part of this is to address the needs of people who are homeless, particularly people who are very fragile homeless, people who may be homeless in part because of mental health issues, because of drug addictions or alcohol problems; to provide them with a place to live in support; and, in doing so, to pull them out of the regular lineup at the emergency room, which, of course, also helps reduce the waiting lines that people are

always complaining about. He was able to make a very good financial case for this being an effective, practical way of spending a little bit of money to save a great deal of money for the province.

1520

I'm just going to pause for a minute here to let Laurie explain to you about one of the resources that we have available and that hopefully each one of you will be getting.

Rev. Laurie McKnight-Walker: I just wanted to keep before you the needs of those people living in poverty; a group that is increasing. Wherever there has been a book launch of the book *Persistent Poverty: Voices from the Margin*—and it has just been recently published. It was part of what is called a social audit. The last one was done maybe in about 2003 and it was sponsored by a group called ISARC, the Interfaith Social Assistance Reform Coalition. We had a social audit here in Ottawa in April, and they happened across the province, where people who were living in poverty came and told their stories on what it's like now compared to a few years ago. Many of those people were new to that category, unfortunately. Their stories—it's a powerful read—are gathered in this book, as well as theological reflection from the various faith traditions. For example, it indicates that in Peel region, if your name is on for social housing, it may be up to 21 years before you get into assisted housing. So, your children may get housing, but you won't.

You're supposed to be getting a free copy, those who are part of the Legislature. If you haven't, there is a phone number—I've given you that information about that book. We had our book launch at city hall this week, a couple of days ago. I suggest you read a chapter a night as bedtime reading to help keep the priorities of this upcoming budget.

Rev. Andrew Jensen: That's a very good resource. I don't know whether it's good bedtime reading in the sense that it may not help you sleep, but it is very, very interesting information and it is real; it is quite real. What we were inspired to do at the Ottawa presbytery level was to start a campaign called *Put a Roof on Poverty*. That's on the second side of the handout that was distributed. There's some basic information about Ottawa homelessness. I'm not going to go through those details; there are a number of places that you could put into your computer and click on for more information, if you would like.

I would simply like to add at this point, though, that we are aware of the complexities that go on when we deal across jurisdictions. Some things belong to the federal government; some things belong to the provincial government; some things belong to cities and so forth. In this instance, we understand that the best programs to help the homeless have to happen at a local level, but that the people who will be benefiting will be the people served by the provincial coffers.

What we would like to really encourage you to do is to give some incentive to the communities—the cities, the

towns—who have to deal with the homeless, who are the ones asking the questions about, "How do we deal with them? Where do we house them? How do we have homeless shelters that are sufficient?"; that you, as a province, give those people some sort of incentive to put together the kinds of programs like Dr. Turnbull's that will have the effect of saving the province money. It's very straightforward and practical from a numerical point of view; it's not simple from an organizational point of view. We get that. We also get that you can't come in from the province with a one-size-fits-all solution for Toronto, for Ottawa, for North Bay, for wherever. But if you give some sort of incentive, some sort of support, that doesn't only include building a building or retrofitting a building but also allows for a certain amount of ongoing programming, so that the people who are taken off the street have a chance to stay off and heal and not need the medical services so desperately, that is the kind of thing that will show really, really good results and save a ton of money in the end for the province. Thank you very much.

The Chair (Mr. Pat Hoy): Thank you. We'll go to Mr. Tabuns of the NDP for any questions.

Mr. Peter Tabuns: I appreciate both of you taking the time to come down to give us this information and make the presentation. The arguments you've made have been made by quite a few people over the past five days.

When you've talked to the Minister of Housing or the Minister of Finance in the past—I'm going to assume they understood your arguments—what sort of response did they give you?

Rev. Andrew Jensen: In terms of this immediate thing, because—this is fairly recent. We had Dr. Turnbull come and speak to us just in the fall. This program that our own presbytery has started is just in the last few months. We have not had the opportunity to go directly to the minister and have those conversations yet.

In the past, there have been different ministers. My last effort involving housing particularly was back when the 1% housing solution was going on. Susan Eagle, whom you may recall, is the one who brought me to the first one of these meetings, and she was very much pushing for that one. I don't recall, because she had the meeting at that time, what the response was in those days, but that was a somewhat different argument and a different aim. We haven't had the chance yet.

I recognize that there are different budgets in different pockets. Hopefully, there's a way to cross those lines, to serve everybody. I guess the budget committee is one of the great places to start, because you get to look at all the pockets and you get to see the advantage of spending something out of the housing pocket to save some money in the health pocket. If there can be some communication internally on that, it would be wonderful.

Mr. Peter Tabuns: Your message is one that makes a lot of sense. I'm glad that you've brought it here today, as well as people having brought a similar message over the last few days.

I don't have any further questions. Thank you, Chair.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Rev. Andrew Jensen: Thank you very much.

The Chair (Mr. Pat Hoy): And thank you for the book.

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

The Chair (Mr. Pat Hoy): Now I ask the Ottawa-Carleton District School Board to come forward, please. I noted you've been sitting at the back for a bit, so I suspect you know how this all will work. The questioning in this case will come from the government. If you'd just state your names for our recording Hansard, you can begin.

Ms. Jennifer McKenzie: I'm Jennifer McKenzie. I'm chair of the board.

Mr. Barrie Hammond: Barrie Hammond, director of education.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Jennifer McKenzie: Good afternoon. My name is Jennifer McKenzie and I'm the chair of the Ottawa-Carleton District School Board. With me today I have Director of Education Barrie Hammond.

We would like to begin by expressing our thanks to the members of the standing committee for allowing us, on behalf of our board of trustees, to have this opportunity to provide input into the budget process.

The Ottawa-Carleton District School Board is well aware of the challenges of the Ontario economy. The district also appreciates the commitment that this government has made to public education. However, we remain concerned about education funding and the gaps between the funding levels and actual costs, the discrepancies in funding between districts, and the fact that while total funding has increased, it has done so to cover new requirements rather than to address existing shortfalls, resulting in an ever-growing differential between funding and operating costs.

Mr. Barrie Hammond: As you know, in 1998, the Ontario government changed the funding of school boards, removing the authority for boards to set educational property taxes and replacing it with provincial transfer payments in the form of grants for student needs, GSNs.

The Ottawa-Carleton District School Board receives 91% of its funding from the Ministry of Education's GSNs, a further 4% from other government grants and the remaining 5% from other funding sources for specific purposes. The Education Act places severe restrictions on our ability to create other funding sources to address our budget priorities.

The provincial government sees school boards as a key service delivery channel. It continues to increase school boards' responsibilities in terms of student achievement and administrative processes. It does not provide adequate additional resources to meet the new responsibilities, thereby increasing school boards' budget

problems. Given our funding structure, we have to look to the province and the provincial government to solve this problem.

The Ontario Public School Board Association, OPSBA, recently submitted a brief to the Ministry of Education on funding, which is attached to this presentation as appendix A. This document provides an excellent overview of the funding challenges facing Ontario school districts. The Ottawa-Carleton District School Board endorses the submission made by OPSBA and would like to highlight some of the issues raised in the context of our particular concerns here in the Ottawa-Carleton region.

1530

Ms. Jennifer McKenzie: Under the heading "Salary gap": OPSBA, in its call for a review of the education funding model, explained that many school boards have salary grids which are more costly than the provincial average salary grids, creating a salary gap. As the current funding model becomes more prescriptive, these school boards have less and less flexibility and ability to deal with this sort of legacy expenditure issue.

The provincial government, since taking office, has added billions of dollars into education funding. Most of this has gone to funding new salary settlements and new initiatives such as the primary class cap and all-day learning, but not into addressing the compensation funding gap in the existing transfer payment system. While the government narrowed this gap by reducing grants in other areas of education funding a few years ago, a significant gap remains. Indeed, the last two rounds of provincially assisted sector-wide negotiations have increased the gap again, and it grows annually. School boards such as ours have funded the gap by using provincial grants nominally meant for additional or existing student resources, meaning that we must cut vital supports for students repeatedly. The government's multi-year budget plan, with its premise of restraint of transfer payments, will make this problem worse.

In particular, the Ottawa-Carleton District School Board has good reason to believe that our salary gap is one of the largest in the province. This structural funding issue has reduced the OCDSB's ability to meet existing student needs; indeed, the board has cut approximately 195 positions over the past five years as a result.

As we are sure you can appreciate, we have very few avenues available to address this structural issue at the school board level. A full review of the funding formula could address this issue. Such a review has been promised but not implemented. The OCDSB respectfully requests the support of the standing committee in seeking a review of the funding formula, with the goal of resolving the salary gap issue.

Mr. Barrie Hammond: Transportation: The funding of student transportation is problematic across Ontario, but in the city of Ottawa it's inequitable. The Ottawa-Carleton District School Board fully supports OPSBA in its request to review the funding of student transportation

and the delivery of consistent levels of service by school boards.

There are wide historic discrepancies in funding of transportation among the four publicly funded school boards in the Ottawa area. At the time the base transportation funding was established in 1998, the former Ottawa and Carleton school boards had not only introduced efficiency but also had reduced service levels for students to be significantly below those provided by the Catholic and French-language school boards in the area. Most of the funding for the English public school boards came directly from local property taxes, whereas the Catholic and French boards received most of their funding through provincial grants. For example, the Ottawa-Carleton District School Board does not receive sufficient transportation funding to allow busing for secondary school students inside the urban transit area, whereas the Ottawa Catholic school board receives sufficient transportation grants such that they are able to provide the service to its students.

Despite the provincial government's promises of transparency and accountability, this discrepancy has never been addressed, either through providing the Ottawa-Carleton District School Board with sufficient funding to support student service levels compared to those of our coterminous Catholic and French boards, or through introducing a province-wide, needs-based funding formula for transportation based on a common service standard. Our students are disadvantaged because we have insufficient funding to provide the same level of transportation services as our coterminous boards, and we ask that this disadvantage be rectified.

Considering English as a second language: OPSBA has questioned the adequacy of the current ESL funding model in its brief. The existing ESL grant system is based on each student's time in Canada. A student who has been in Canada more than five years does not generate any ESL grant, even if the student still has large ESL needs. The OCDSB spends \$1 million or more on ESL services than it receives in funding from the government. The problem is worsened by the changing demographics of recent immigration. More students come to us from situations where they have received little formal education, resulting in greater supports needed to allow their functioning in Canadian society. Ottawa has traditionally attracted a disproportionately high number of refugee and immigrant families. We need sufficient resources to provide education, their right under Ontario law.

We request the support of the standing committee in ensuring that the provincial budget provides funding to fully support ESL students according to their needs.

Ms. Jennifer McKenzie: May I ask how many minutes we have on the clock?

The Chair (Mr. Pat Hoy): About two and a half.

Ms. Jennifer McKenzie: Okay. We'll go a little more quickly through the presentation.

Under special education and children's mental health services: We understand that the government is looking at a new special education funding model. Our concerns

are generally that this is going to more of a per-student funding model than a funding model that is based on need, and we would like to see the needs of each individual school board addressed, as they are unique, we believe, from board to board, even within the same district. We also have concerns that we're going to be expected to cover the very broad and very fulsome area of children's mental health, and would need to see additional funding to support the service if that, indeed, is an expectation of school boards.

And then under full-day kindergarten?

Mr. Barrie Hammond: The OPSBA brief highlights the fact that full-day kindergarten is currently funded to a specific level based on predicted enrolment determined by the ministry. School boards, such as ours, have responded to community demand that exceeds that fixed level determined by the ministry, and therefore it has cost boards money from their own budgets to support that additional cost.

The provincial government has launched an important new program regarding full-day kindergarten. This major undertaking is being phased in over five years. School boards are mandated to staff the programs at a level that exceeds provincial funding for these positions, increasing the drain on other grants.

Concerning capital projects, OPSBA clearly lays out the major issues with the capital grants system used by the provincial government. In our district, we have some high-level growth areas, some low-level growth areas and areas experiencing a temporary decline in student population, but existing school spaces will be required over the long term. These competing capital pressures to build new schools in the new suburbs create additional problems for our budget pressures.

We have a renovation backlog of approximately \$300 million, plus the need for multiple new schools in growth neighbourhoods. These pressures are further compounded by the provincial Accessibility for Ontarians with Disabilities legislation.

Ms. Jennifer McKenzie: So in summary, we recognize that the provincial government has a multitude of competing needs and reduced revenue. There are many demands on provincial finances. We remind the committee of the ongoing identification of education as key for a successful economy and a priority for this government, as we have seen. We agree that public education is a priority and we would like to see that represented in the provincial budget.

We thank you for your time and attention and would be happy to answer any questions that you may have for us.

The Chair (Mr. Pat Hoy): And the questioning will come from the government side. Ms. Pendergast.

Ms. Leanna Pendergast: Thank you, Jennifer and Barrie, for being here today on behalf of the Ottawa-Carleton District School Board. Thank you for the work that you do on behalf of the school board and the work that you do with our colleague MPP Naqvi from Ottawa Centre, who works closely with you and is also the

parliamentary assistant to the Minister of Education, so we do understand and hear your concerns. MPP Flynn is also a parliamentary assistant to the Minister of Education, so your concerns are being heard. I am a past parliamentary assistant to the Minister of Education, before Finance, so I think we can assure you that we hear you.

Thank you for presenting. We've heard across the province from various groups—teacher organizations, different districts across the province, elementary teachers, secondary teachers—but this is the first from a school board, so it's important that we get all of the perspective.

I always work backwards in the brief—

Ms. Jennifer McKenzie: We heard that.

Ms. Leeanna Pendergast: Yes. I can't help myself. But I appreciate your comments—the ongoing identification of education as a key issue for this government. This government is absolutely committed to education and to maintaining our public services, which we saw really destroyed under previous governments. That's what I'm doing sitting here with you today, because I was a teacher during those years.

I also wanted to talk about children's mental health services—brilliant comments on that, thank you. MPP Flynn was also the chair of the government's committee on mental health, and we're hearing consistently across the province the need to invest in children's mental health services. I'm not sure how that looks from a school board perspective. I know it's complicated, because we're hearing it from other groups and organizations other than education. How does that work in terms of partnerships with a board and other community groups, agencies and organizations?

Ms. Jennifer McKenzie: We have been looking at this issue and studying it quite extensively. We've been working with community partners, so, for example, we have addiction counsellors in all our high schools now, where we didn't before.

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But to do a comprehensive solution will require some investment, is what we're saying. We can't go back to our existing structural take-a-teacher-out-of-the-classroom, for example, to provide services in the schools. It will require additional investment.

Ms. Leeanna Pendergast: Absolutely; fair enough. And you're right. We can't go back. Well said.

The full-day kindergarten: We're hearing support for that, of course, from educators as well as from anti-poverty groups across the province—the idea that to combat poverty is to focus on education and the idea that we have to start as early as possible. Again, that's something that will continue to develop, as you know.

Ms. Jennifer McKenzie: With all-day learning, I think the way that it has been phased in, into highest-needs neighbourhoods first, is indeed the way to go in terms of those children getting maximum benefit from the program.

Ms. Leeanna Pendergast: I had a question about the ESL—

Interjection.

Ms. Leeanna Pendergast: Oh, and I have another quick question, too. I should hurry, because the Chair is going to cut me off. It's about the LNS, Literacy and Numeracy Secretariat.

Quickly, about the ESL: the high number of refugee and immigrant families. Again, we're hearing about groups around the province working on partnerships, working with community groups, colleges, family supports, advocates to try to put those services in place for students. Is that something that you're talking about?

Ms. Jennifer McKenzie: I think we do do that, to a large extent. However, if you have a student who comes into a school board from another country or a refugee camp—for example, we have high school students or even adult students who have not had an elementary school education. It's very much pedagogical and it needs supports from the school system over and above the basic ESL grant. For these very, very high-needs students, we are putting services over and above the ESL amount towards meeting these students' needs. Without it, they really cannot function in the society that we have in Ontario.

Ms. Leeanna Pendergast: They're classified as high needs.

Ms. Jennifer McKenzie: Very.

Ms. Leeanna Pendergast: Well done. We're hearing the salary gap pay equity piece that you're addressing. In order to address that, we've been told we should take funds out of the LNS or out of EQAO. Have you had or heard anything of those discussions?

Ms. Jennifer McKenzie: From where I sit, and Barrie may see things differently, it's a structural issue. It needs to be looked at as a structural issue across the province, because there will be schools with a large salary gap and there may be schools with a small salary gap. What we need to do is get everybody on the same grid if we're going to fund everybody the same amount. It's something that needs to be looked at as a structural issue.

The Chair (Mr. Pat Hoy): Thank you, and thank you for your presentation.

OMNI HEALTH CARE

The Chair (Mr. Pat Hoy): Now I ask OMNI Health Care to come forward, please. Good afternoon. You have 10 minutes for your presentation. The official opposition may ask up to five minutes of questions. I just ask you to state your name for our recording Hansard.

Ms. Carolyn Della Foresta: Carolyn Della Foresta.

The Chair (Mr. Pat Hoy): And you can start.

Ms. Carolyn Della Foresta: Good afternoon. I would like to thank you for the opportunity to speak before you today. My name is Carolyn Della Foresta and I'm the administrator at OMNI Health Care, Garden Terrace. We are located in Kanata, just on the outskirts of Ottawa.

Garden Terrace is one of 17 long-term-care homes owned and operated by OMNI Health Care. We are privileged to be the home of choice to 160 of our province's seniors. Our home offers 80 private rooms and 40 two-bed basic accommodation rooms. We were constructed in 2003, and therefore we are built to the newest design standards for long-term-care homes in Ontario. We employ approximately 175 staff, and each member of our team works tirelessly to provide the highest quality of care for the residents entrusted to us. Whether you are a registered nurse, a food service worker, a housekeeping aide or the administrator, we firmly believe that every role has a distinct purpose and that there is nobility in each as we come together to make Garden Terrace a home for our residents.

Garden Terrace is part of the Champlain LHIN and we are a member of the Ontario Long Term Care Association. OLTCA represents over two thirds of Ontario's long-term-care homes, covering the full spectrum of not-for-profit, municipal, charitable and private sector operators.

Today, I seek your support to ensure that homes like mine will be able to continue to provide high-quality care and accommodation and help maintain access to long-term care for all Ontarians. Not only do we provide high-quality care in a home-like environment, but we also provide a rich assortment of programming. In order to continue to provide the quality of care that our residents deserve and have come to expect, as well as assist them in achieving the highest quality of life possible every day, we depend on a diverse team. This team is comprised of nurses, personal support workers, life enrichment staff, food service workers, laundry and housekeeping staff, maintenance personnel and numerous others, all of whom are an integral part of our residents' continuum of care.

Garden Terrace incorporates a courtyard design and captures the essence of home. The main entrance of our building leads directly into our lobby and café, which are warmly decorated, featuring a fireplace surrounded by two storeys of windows looking out onto our lush secured courtyard with outdoor seating, trees, shrubbery and assorted flower and vegetable gardens. Our café is a constant hub of activity. It's a gathering place where residents from 10 of our different home areas come together to visit or take part in one of our many diverse programs that our life enrichment department offers. The other day we had over 40 residents gathered, having the time of their lives as they threw foam snowballs at one another. The idea for such an activity came from one of our discussion groups, where one of our gentlemen, confined to a wheelchair and not able to get outside, reminisced of his younger days. He told us how much he missed snowball fights.

Our five-storey home features two neighbourhoods per floor that incorporate natural paths that guide wandering residents back to destinations and points of interest that will encourage social interaction and help maintain independence and purposeful mobility.

We have secured living areas for residents with special needs or cognitive challenges. We have harvest rooms for private family dining and activity areas. Each of our living areas features sunrooms, family and living rooms as well as access to fresh air on our secure outdoor terraces. We are located within minutes of hospitals with acute care services and we provide a number of programs that continually promote interaction and improve resident quality of life. From active social and recreation programs to physiotherapy services, our home provides residents with many opportunities to get involved and stay active.

We provide personalized and group exercise programs for residents; physician services and 24-hour-registered-nurse on-site care. At Garden Terrace we have a short-stay bed program with six of our 100 licensed beds. We have tasty and healthy meals, snacks and beverages that are all planned by registered dietitians who carefully adhere to ministry standards and Health Canada's food guide, as well as taking into account the unique dietary needs of our senior population. We have separate dining areas for meals with families; we have the OMNIway van for off-site excursions. We have an active residents' council and family council to give our residents and families a voice in care decisions, as well as a greatly increased role in providing input into decision-making at our home. We have a chapel, a beauty salon, theatre, café and exercise room. We have music therapy. One of our best programs is our intergenerational programming. We're fortunate to have a high school right beside our home; it's a joint venture with them. Wii programming is one of our resident favourites, especially the bowling; wine and cheese socials; pet therapy; spiritual programming—I truly could go on.

My residents are like many others in the province. We have a significant percentage with a psychiatric disorder, Alzheimer's disease or other forms of dementia. One of OMNI's core programs, which we're very proud of, is our supportive measures. At Garden Terrace, we have specialists who offer ongoing support to staff, residents and families in an effort to provide individualized care that meets the very specific and unique needs of each resident who suffers the ravages of these crippling diseases.

The resident who suffers from Alzheimer's or some other form of dementia requires individualized, sensitive care, as their needs differ from those of the majority of our resident population. Our funding is based on a geriatric model. We've seen a lot of challenges in the past few years with the closure of the Rideau Regional, as well as the Brockville Psychiatric Hospital. We saw an increase of serious behavioural issues in the residents we were placing within our long-term-care homes with our vulnerable senior population.

When we close one part of the system, the impact is felt elsewhere, and it's been a tremendous challenge to place these residents amongst our senior population. Their needs and care requirements are dramatically different. This group of residents requires a different model

of care and often a different skill set. We require more time to meet their psychosocial as well as their physical needs.

Many of our residents are incontinent—91% in Garden Terrace. They require staff to assist with toileting. Many require assistance with all activities of daily living from dressing to bathing to eating. Residents today have increasingly complex needs. Many are admitted with multiple diagnoses. As a reflection of our society, we also have a number of residents with bariatric needs. Meeting the residents' bariatric needs requires extra time, staffing and specialized equipment which can be up to twice the cost, and quite often more; for example, beds, lifts and commodes for the bariatric population.

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The year 2010 was a very busy year for Garden Terrace. We had to become familiar with and implement the new Long-Term Care Homes Act and its regulations, as well as the contents of the new L-SAA, long-term care home service accountability agreement. We continue to learn the new resident assessment tool and to educate our staff as we implement Residents First and its quality initiatives. Please be assured we are committed to providing a quality service, but the additional burden of implementing all of the new service and reporting requirements has exacerbated a funding gap that has existed for the past many years.

I would like to take this opportunity, though, to applaud the government's commitment and support of the Residents First initiative. I have had the pleasure of working in long-term care for over 20 years, and I can personally attest to the changes in both our understanding and our expectation of quality. These changes have positively impacted the care we provide our seniors and the quality care our residents so richly deserve.

I am concerned about my team. We do not have sufficient ongoing funding to pay for the regulation that increased food service worker hours by 0.03 per week, as well as the increase to the nutrition manager staffing. That new regulation alone has placed 60 additional hours in my home.

Although I support changes, because they will enable an even higher quality of care for my residents, they must be funded. Without a guarantee of funding for these additional regulations by law, it will come at the expense of other critical members of my team, such as our house-keeping, laundry and maintenance staff. With a reduction in their hours for these valued staff members, there will be an increased risk of infection, outbreak and emergency room transfers. You can be assured residents will be affected.

We cannot continue to deliver the high-quality care without adequate funding. We are requesting that the government:

- fund fully the costs of implementing the new Long-Term Care Homes Act;

- continue to fund an acuity adjustment across all envelopes, so that we can maintain the team that cares for

our residents. The province annually adjusts direct care funding to homes by approximately 2% to support care delivery and stabilize staffing levels. Without this adjustment, homes have no capacity to offset arbitrated settlements or manage the normal acuity-driven fluctuations to their care-funding base;

- fund the unprecedented 17% increase in WSIB costs that were implemented as of January 1, 2011; and

- fund the increased cost of hydro, other utilities and service contracts that I now have as a result of the harmonized sales tax.

The new Long-Term Care Homes Act is putting increased pressure on homes to admit residents with more complex medical conditions, with increased behavioural issues and higher infection control risks. Without adequate funding, staffing levels decrease and service will deteriorate. For a 100-bed home in Ontario, these job losses could be five full-time equivalents, FTEs, and across the sector, 3,500 FTEs.

On \$110 a day in funding from the government, we have been providing a high quality of care, exciting programming and nutritious meals in a home-like environment. We provide great value for money but we are challenged to continue to cope. We are at critical risk of slipping backwards, to the detriment of both the residents' care and those who need access to hospital services. This budget can prevent that outcome.

I would be happy to welcome you to Garden Terrace at any time to see the great work that we do, to visit with our residents and meet our committed employees. Today, I seek your support to ensure that long-term-care residents in my community do not see their care and service levels decline in the wake of this budget, and that homes are not forced to place more demands on already overburdened hospitals and emergency rooms.

Thank you for your time.

The Chair (Mr. Pat Hoy): And thank you. The questioning will go to the official opposition. Mr. Barrett.

Mr. Toby Barrett: Thank you for testifying on behalf of Garden Terrace and the OMNI organization. You mentioned Rideau Regional/Brockville closing down. When did they close down? Secondly, do your patients have access to psychiatrists, psychiatric social workers, psychiatric nurses and specialized medication? How do you do that?

Ms. Carolyn Della Foresta: We're actually incredibly fortunate. As to the actual closing dates of both facilities, I can't answer on that. I apologize. But we have been placing for approximately four years now residents from Rideau Regional, specifically, as they're trying to place them in different parts of the sector. So for four years now, we have been placing residents from Rideau Regional, and we have had some support from the Ministry of Community and Social Services.

We have a wonderful partnership. We're fortunate to have a partnership with the Royal Ottawa Hospital. We have access to psychogeriatric nurses as well as a psychiatrist from the Royal Ottawa who comes to our home

once a month and partners with us to work specifically with the serious behavioural issues that we are seeing.

Mr. Toby Barrett: Okay. The new Long-Term Care Homes Act: You talk a bit about the forms to be filled out and you mentioned a resident assessment tool. Does not the community care access centre do the assessment? Do you have to duplicate their assessment?

Ms. Carolyn Della Foresta: Absolutely. Within so many hours of being in our home, we have to have all assessments redone. So the community care access centre is handing to us an initial assessment of the resident before they come to us, and that's how we determine if we can meet their needs. Then, once they're in our home, within 24, 48, 72 hours and then two weeks, every assessment, from skin assessments to behavioural assessments and dietary needs, has to be redone and we have to come up with a very tailored and specific care plan for each resident.

Mr. Toby Barrett: Okay. You talk about the additional burden. Is there any way, say, apart from the assessment, that any of these other new reporting requirements could be streamlined?

Ms. Carolyn Della Foresta: I think the Residents First initiative that's going on right now and all of the quality initiatives that go along with that are going to help us streamline eventually, but I think that's a good two- or three-year process as the sector is still getting used to the whole RAI assessment tool, and then there is the public reporting that we'll all have to be doing by December with all of our quality indicators. So I feel we will get there, but at the moment there's not much streamlining.

Mr. Toby Barrett: Okay. A 17% increase in WSIB: That must apply to every single long-term-care facility in the province?

Ms. Carolyn Della Foresta: Absolutely: 17%.

Mr. Toby Barrett: Has there been a tremendous increase in back injuries and things like that?

Ms. Carolyn Della Foresta: Actually, no. At OMNI, for example, over the past seven years, we've gone from paying upwards of \$1 million in NEER statements to just yesterday, when we were informed of a refund cheque of

\$250,000, so actually our back education, our reduction in MSI injuries, it's all dramatic. We're doing incredibly well. At the same time, our staff have very large burdens placed on themselves physically as the care of the residents is increasing. But no, I would say we've been working incredibly hard in regard to safety and taking care of staff.

Mr. Toby Barrett: You would almost think the WSIB premiums would go down. That's something for us to deal with, I think.

Ms. Carolyn Della Foresta: I can't quite comment on that.

Mr. Toby Barrett: Your homes would pay the HST, whereas the municipal homes do not. Is that how that works?

Ms. Carolyn Della Foresta: That is my understanding, yes. For example, at Garden Terrace alone, the HST on our utilities will be an increase of \$14,000 this year.

Mr. Toby Barrett: Okay, and the 2% acuity, is it, the \$110 a day—that goes up 2% each year, or has been going up 2%. Is there a relationship between that—I just wonder. You receive \$110 a day in funding per person, and annually the province adjusts funding by 2%.

Ms. Carolyn Della Foresta: My understanding of that is that it's for staff increases as well, with wages, but I apologize; I can't give you 100%—

Mr. Toby Barrett: Okay. Thank you.

The Chair (Mr. Pat Hoy): Thank you for your submission.

That concludes our tour portion of the committee. I want to thank all of the support staff for an excellent job. I also want to thank our co-op student, and also mention that our clerk is on her first tour and she has guided us very well throughout, so thank you, and thank you to all others.

We will leave for the airport at 4:45. We'll meet at the hotel's main lobby, and of course if we can we'll leave before that, but we're looking at 4:45 at least.

Therefore, we are adjourned until 9 a.m. on Monday, January 31, in Toronto.

The committee adjourned at 1557.

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 Mr. Larry Johnston, research officer,
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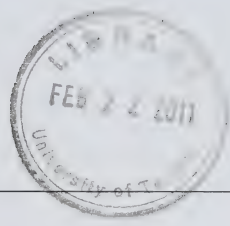
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**Legislative Assembly
of Ontario**
Second Session, 39th Parliament

**Assemblée législative
de l'Ontario**
Deuxième session, 39^e législature

**Official Report
of Debates
(Hansard)**
Monday 31 January 2011

**Journal
des débats
(Hansard)**
Lundi 31 janvier 2011

**Standing Committee on
Finance and Economic Affairs**
Pre-budget consultations

**Comité permanent des finances
et des affaires économiques**
Consultations prébudgétaires

Chair: Pat Hoy
Clerk: Sylwia Przedziecki

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Monday 31 January 2011

Lundi 31 janvier 2011

The committee met at 0901 in room 151.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We are here for the beginning of our Toronto hearings this morning.

A reminder to the committee: Our first three guests will have 15 minutes to present, and then each party will have five minutes of questioning following each of those.

Mr. Norm Miller: Chair, a question: We'll begin on the government side?

The Chair (Mr. Pat Hoy): Yes.

Also, our 9:30 will be a videoconference. The person asking the question will be seen by that person on the television constantly throughout the presentation, although the committee will be televised otherwise. So when you're asking your question, the presenter from Lakehead University will see you throughout the five minutes, just to let you know.

SCOTIABANK GROUP

The Chair (Mr. Pat Hoy): With that having been said, I will welcome our first group this morning—thank you for being on time—from the Scotiabank Group. As I said, you have 15 minutes for your presentation. If you'd just identify yourselves for our Hansard before you begin, you can start.

Mr. Warren Jestin: My name is Warren Jestin. I'm chief economist at Scotiabank. I'm joined by Mary Webb, who's one of Canada's leading experts on fiscal policy.

I have a short PowerPoint to frame the comments that I'm going to make, but for a larger discussion of our views and analysis, we brought along a handout as well. That summarizes not only the global outlook but how Ontario fits into that particular outlook.

My remarks today are framed around a title which you'll see in the PowerPoint: "New and Old World Realities," and how they influence Ontario.

To start, just looking at the forecasts for a broad variety of countries, 2009 is in the yellow bar, what has happened there; 2010, the red; and our forecast for 2011-12 is in the blue. You'll see right away by looking at this that there are two worlds out there. One is the developed

world—Canada, the US, Europe and Japan—where growth is improving, but at a relatively slow pace.

This year, we expect the US to outperform Canada, largely because they have a lot farther to come back in some key areas, particularly employment, and also because effectively, they have a lot more fiscal stimulus. They have kept interest rates at lifetime lows. The combination of policy factors gives a short-term lift, but at a significant longer-term cost in terms of overall economic performance. The reason I make that statement is that continuing with big, big deficits in order to stimulate your economy in the here and now suggests that you will have significant difficulties in terms of achieving rapid growth farther down the line.

In the economies that you see on this particular diagram, Canada and the US, probably in the next five years, will have a growth averaging 2.5%, maybe slightly higher. In Europe and Japan, it will be 1.5% or less.

If you look at the emerging world, however—China, India and Brazil—China's expected to have a relatively mediocre performance this year, by their standards. Growth will fall below 10%. India will be moving slightly higher in terms of its overall performance, and Brazil may slow to 5%.

The key message here is that the emerging world is outperforming the developed world by a substantial margin, both in good years and in bad, and this now matters for Canada and it now matters for Ontario. Ten years ago, those growth rates in some of those economies were in evidence, but they did not have the size to influence global markets. Now big growth and big size have come together, and that is a key issue for Ontario, because strategies that we have followed in the past, which focus on the US and familiar markets, may be strategies that do not lead to optimal performance in Ontario on a go-forward basis. We have to explore these new, rapidly growing, unfamiliar markets in order to ensure success in the future.

To drive that point home, I've simply put the world's population on the left-hand side, into a series of bars. Our world, the red and the blue, Canada and the US, is a very small segment of the global economy. We think of China as being large; yes, it is larger than Canada, the US, Europe and Japan combined, but the rest of Asia is also as large as China, and India isn't much farther behind.

So the key message that we have, on a go-forward basis, is finding ways and strategies to deal with com-

panies, to deal with and nurture employment opportunities that have a broader global reality.

On the right-hand side is a market that is very important to Ontario: the global car market. You'll see that is also changing very fundamentally. We are in the midst of a rebound in Canada and the US, and you can see that in the North American line. But you'll notice that Brazil, Russia, India and China now have a market, collectively, that is bigger than the North American market, which also, this year, will be as large as the European and Japanese market combined. In fact, last year, for the first time, China alone produced more cars and trucks and sold more cars and trucks than Canada, the US and Mexico combined.

The fastest-growing car markets in the world are India, China, Brazil, Chile and Peru. In Canada, in the US, in Europe and in Japan, in 2015, we will probably sell fewer cars and fewer trucks than we sold in the last good year before the recession began. So the auto industry is reviving, but the global auto market has changed very, very fundamentally.

The recovery has been on in developed countries for some time now; Canada has led. You'll notice over the weekend that the media focused in on the fact that employment numbers for Canada have been revised lower. We are no longer reported to be at record levels. We are still special. We are still leading the developed countries by a very substantial margin, because the left-hand diagram is simply looking at year-over-year growth rates. That is very important, because jobs generate consumer spending. You can see on the right-hand side year-over-year growth in consumer spending in Canada and other markets as well.

But it shows a relatively incomplete recovery in many countries, and this is the reality: This year is another year of recuperation and repair in the US, in Europe and in Japan. Canada also, in some markets, has some recovery going on. We are leading, but effectively, we are leading in an area where the recession still is shown in some of our key industries.

The next diagram is simply focusing in on the US realities, because the US is our primary market in Ontario. It is still our primary market in the rest of Canada as well. On the left-hand side we are looking at housing foreclosures, prime and subprime. Yes, they seem to have turned lower on the subprime side, but they are historically at enormously high levels. On the right-hand side, this is the level of government expenditures and total revenues in the US central government; in other words, Washington's expenditure and revenue trends. You will see that, both on the left-hand side, the housing market, and the right-hand side, the fiscal realities facing Washington, there is an enormous amount of work to be done in order to get back to pre-recession levels. In fact, recent policies have suggested that the US government deficit will be going up towards \$1.5 trillion, not down to the \$1.3-trillion level that seemed to be the case before last November.

Why is this the case? The US is providing more fiscal goose into the economy, keeping interest rates low, but the consequences of that are simply the lack of fiscal repair over the next three years. This is a big issue. The US is going from a deficit problem, which it has now, to a debt problem that I believe will haunt it for years.

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On the next diagram, you see exactly that. You see where Canada is with respect to fiscal balances and with respect to net debt compared to other countries. We compare very favourably with respect to other developed economies on our deficit and our debt side. The US shows up as a large deficit country—that's deficits to GDP—and it shows up relatively benign, at least with respect to the UK, France and the other countries that you're seeing there on the right, with respect to its total debt. But as I said, these deficits lead to big debt problems farther down the line, and the US will compare unfavourably within three years if current trends continue.

We are not saying that Canada does not have a deficit and a debt problem, but we win the reverse beauty contest: We are the least ugly of the major developed countries out there. You will notice on the top line that the emerging world, however, is right at the top in terms of performance. Rapid growth, large populations generating a lot of consumer demand with relatively low debt and low deficits to GDP suggest that these economies can perform very, very well over the next decade. These are markets we have to explore.

The next diagram is looking at inflation. You see a lot of articles about inflation in the paper right now; it's going nowhere fast simply because we've got a lot of excess capacity. The Bank of Canada itself expects that the core rate of inflation that it uses to target monetary policy will not get back up to 2% until the end of next year. They may be somewhat optimistic. The issue on inflation, however, is not in the here and now; it is beyond next year, in my view, when the economy is definitely into an advance, when unemployment rates are lower, when the population is aging and we will find much more in the way of inflationary pressures.

We still do see inflation in some areas; on the right-hand side, we're simply looking at components. The total looks fairly benign, but you can see that gas prices have been going up, food prices are above average. That is being offset by things like computer prices, which have gone down, and motor vehicle prices, which are actually lower than they were a decade ago. But those trends also are changing. As the Chinese currency moves higher—which we expect it to do along with other Asian currencies—as their wage rates go up, things like PCs are going to start going up in price, flat screen TVs as well, and that will take away some of the deflationary influence that has kept inflation low. I believe inflation will be an issue beyond next year, and that will have a significant impact on borrowing costs for Ontario and other provinces, as well as general higher bond yield rates.

The next chart is looking at where we expect interest rates to go over the next year. Essentially, they're going

nowhere fast, at least the short-term interest rates that the Bank of Canada and the Federal Reserve control. We have already moved up three quarters of a percentage point in terms of our policy rate. The Bank of Canada is now on hold and probably will be until towards the end of the year. The Federal Reserve probably is on hold until next year. However, if you think interest rates are normal now, you are suffering from serious delusional thinking. Interest rates will be going higher from these levels. Borrowing costs for all groups will be going higher as we go through next year and beyond, whether it's governments, consumers or businesses. Bond yields have already begun to back up from the lows that we saw in the fall, and I would expect those would be going up higher on a go-forward basis as well.

On the right-hand side, the current level of interest rates is quite good for inducing consumer spending, with mortgage rates near lifetime lows, with employment doing much better than other countries. No wonder we have seen very strong housing market activity and housing prices going up. Retail sales have been relatively strong as well. We would expect buoyancy in these areas, but less growth, as fiscal stimulus begins to get unwound, as interest rates go up, as employment growth slows. All of those suggest a somewhat slower growing reality over the next year than we have seen over the past year, which was an area primarily of economic recovery and revitalization.

The next chart is looking at an issue that does get a lot of press, and that is the level of debt to income in Canada and the fact that it has gone up to US levels. That is shown on the right-hand side. Again, low interest rates, employment growth, the fact that we have had a relatively strong recovery compared to other countries, have really distinguished our trend vis-à-vis, say, the US, where the housing market is in recession and will remain so over the next couple of years, where the US has only regained one in six jobs lost during the recession.

That decline in US debt around disposable income that you're seeing on the right-hand side in many cases is involuntary. First of all, many individuals—the subprime crowd, the borrow-to-buy crowd that did not have the income to support that borrowing—effectively are shut out of the market; and second of all, a lot of that debt was extinguished through bankruptcy. In Canada, that is not the case and that is why it has been rising. But that trend will rise at a slower pace, if it rises at all this year, and that will mean that overall consumer spending slows down in Ontario and in a variety of other provinces.

On the left-hand side, an important point to make: This is simply looking at assets relative to debt. We are in a vastly better situation on this side of the border. We have not had a housing crash the way the US has. The asset value of housing in Canada is near record levels at a time when average housing prices in the US are off 25% from their peaks.

Looking at the external side of the Canadian economy, we did not have a domestic recession. The US had a domestic recession that was deeply imbedded in the

household sector. We had an export recession. It was caused by a decline in our major market—the US—and the rise in the Canadian dollar to levels that we have not seen for a very long period of time. The Canadian dollar is a commodity currency. We are a commodity-rich country in a commodity-short world. We believe oil will be going higher this year; so will nickel, copper, zinc and a variety of other metals; coal, iron ore—all of these things Canada produces in abundance. As they go up, the Canadian dollar will stay strong. We have better fiscal fundamentals on this side of the border. That is positive for the currency. We have interest rates that have risen in Canada vis-à-vis the US; that is a positive for the Canadian dollar as well.

So the reality for the Canadian dollar—it may be volatile, but the underlying trend is strong and may get stronger. We may well find that the Canadian dollar, as we go into next year, is above the \$1.05 threshold. As that happens—

The Chair (Mr. Pat Hoy): You have about a minute left for your presentation.

Mr. Warren Jestin: Okay. As that happens, we will see some weakness in a number of areas, and that we've already seen in trade. On the right-hand side, you can see what's happened in commodities. Commodity trade balances remain fairly strong, but the merchandise trade balance has gone down; that's in other things. Those other things include autos.

For Ontario, there has been some penetration, particularly of the European markets, but as you can see, our trade balance has declined significantly and the pie of exports shows that we are still very US-focused. Outside of the US, Asian and Latin American markets remain fairly strong. That is a challenge and a major opportunity for our producers.

Ontario's fiscal hurdles are well known to this particular committee. We have a big deficit. We are trying to go to balance in 2017, perhaps 2018. Most provinces will be balanced by 2015. That remains a major issue on a go-forward basis.

On the right-hand side, one of the issues that we face is transfers out of the province to other parts of the country through the federal-provincial fiscal arrangements. You will see those transfers remain very large. Ontario income is now below the national average. Ontario has grown below the national average over the last decade and probably will do so over the next five years. These fiscal transfers are unsustainable and I believe are one of the issues the Ontario government should be addressing with the federal government on an urgent basis. You can see where income in Ontario has trended vis-à-vis other provinces. Alberta, BC, Saskatchewan, the resource-producing regions, Newfoundland, have all seen a fairly substantial rise in GDP per capita; Ontario has lagged for the reasons I just discussed.

Finally, you will notice that we are getting older. It's a sad reality. The Ontario population is aging, the Canadian population is aging; many other countries as well. Because I am out of time, I will bring one statistic to your

attention at the bottom right. That essentially says this: For the Ontario government, the cost of health care when you are 60 to 65 is triple what it was when you were 20 to 25. When you are 70, the costs double again, and then the costs really begin to rise. The baby boom generation—I'm on the vanguard of that particular charge—is charging toward retirement. This is a major issue. What is the basic message here? Restoring fiscal balance is vitally important because the costs associated with health care and a number of other areas are going to accelerate very dramatically over this decade.

That is my presentation today.

The Chair (Mr. Pat Hoy): Thank you. Now, I was asked how the rotation would go and I've been thinking about that a bit. Normally, I would just start in as we normally go. However, I don't presume to know whose selections were the expert witness selections. Do we want to start—can the parties identify who their selections were and then give them first, or do you want to go in the normal rotation?

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Mr. Peter Tabuns: I'm happy to start with those.

The Chair (Mr. Pat Hoy): So you're pointing at the government; this is their selection. Whose selection is 9:30?

Interjection.

The Chair (Mr. Pat Hoy): Okay. So we'll start that way, and then the rotation will continue on, flowing from whoever begins.

The questioning for five minutes begins with the government. Ms. Cansfield?

Mrs. Donna H. Cansfield: Thank you very much for your presentation. It was really very enlightening.

One of the things you touched upon, and I wonder if you could add more, is the whole issue around the volatility of the euro and how it impacts or could impact what's happening here. As I understand, there are still some fairly fragile economies in Europe, so what will that impact be on Canada and then, obviously, on Ontario?

Mr. Warren Jestin: The euro can be very volatile. I think you're going to find both the US dollar and the euro are quite volatile. This is going to be a challenge for our exporters, because that's one area, of course, where we've gained in Ontario: in the euro space.

But I think the issue of unpredictability is the challenge. We believe that over the next year or so, the euro may increase against the US dollar, but we wouldn't be surprised if the Canadian dollar rises against both of those currencies. In other words, for Canadian exporters, they will find that the Canadian dollar is stronger against the euro and the US dollar.

Trying to predict day-to-day, weekly fluctuations is almost impossible. You saw what happened in Egypt over the weekend; that can roil exchange rates and cause a sudden move to safety, security and liquidity, which drives the US dollar temporarily higher. We are living in a world, I think, of volatility in currencies, but on balance, where the Canadian dollar should be going up.

Mrs. Donna H. Cansfield: Thank you.

The Chair (Mr. Pat Hoy): Are there any other questions? Ms. Albanese.

Mrs. Laura Albanese: Yes. I wanted to thank you for your presentation. It was very interesting and very enlightening. I was wondering if you could give us a little more detail about where you see the housing market going.

Mr. Warren Jestin: In the Ontario market?

Mrs. Laura Albanese: In Ontario.

Mr. Warren Jestin: We've already seen a slowing in starts, and a significant slowing in starts. At the beginning of the recovery there was pent-up demand. We had employment coming back, disposable income had performed much better, our interest rates were very, very attractive and the market had a lot of internal strength. Since last spring, it's begun to come off. The government has moved, in a number of steps, to tighten mortgage restrictions, and all of these things suggest to me that whether you're looking at sales or whether you're looking at starts, it's going to be a softer reality going through this year.

The big issue will be on prices. I wouldn't be surprised if in the Ontario space, as well as some other markets, you actually see a bit of not only volatility, but some downside correction on the housing prices.

Is it a bubble? Absolutely not. We think the income fundamentals and economic fundamentals are stronger here. But a move of 5% to 7%, maybe even as much as 10%, is possible in the type of market that we're seeing, particularly if mortgage rates begin to go higher.

Mrs. Laura Albanese: And in regard to the current spending of the government of Ontario, I see here that you have the downloading seen as an increasing role for the province, which we're playing as a consequence of the downloading that has been happening. You mentioned that we should address that as soon as possible with the federal government. That would be your recommendation for the Ontario government?

Mr. Warren Jestin: I think. I mean, we can talk about a lot of internal things that we have control of here, and there are a lot of challenges with respect to spending and, as you will note in the fuller report that we do, with respect to the tax revenues and how they will bounce back. We don't have that resource base that is a direct drive into provincial revenues, and those are issues that have to be addressed.

But the one that we have to address with the federal government is the system of federal-provincial fiscal arrangements. Whether it's the employment insurance program, where people in Ontario don't have the same coverage as you find in other provinces, whether it's the transfers that exist in a number of other areas, effectively, what we are doing is transferring a fair amount of money to other areas of the country based on a view that Ontario is the growth engine for historical reasons, where our income was above the level of the national average.

I think we have to address those because effectively, on a go-forward basis, if we lag the other provinces, if we

are below the other provinces in terms of income, we cannot sustain that type of fiscal transfer and hope to balance the books in the medium term.

Mrs. Laura Albanese: Well, thank you, and thank you, Chair. I have no further questions.

The Chair (Mr. Pat Hoy): Thank you. The time is expired. We'll go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you very much for your presentation. Towards the end of your presentation you had to speed up a little bit as you got to Ontario, but my first question would be with regard to the slide you had to do with the deficit as a percentage of gross domestic product. If I read the slide correctly, you showed that Ontario was worst in the country. Earlier on, you also said that the US deficit problem is becoming a debt problem. So I guess the issue I want to raise is the deficit that we're seeing over the last number of years. It was essentially \$20 billion last year in Ontario; it's forecast to be \$19 billion this year. The plan is to get back to a balanced budget in 2017-18. Do you think this deficit reduction plan is reasonable and achievable?

Mr. Warren Jestin: We are, in Ontario, really at the epicentre of the adjustments in Canada to the reality that the US market, which is our principal market in this province, is recovering, but it's going to be a slow-growing market. The Ontario auto sector is recovering, but the North American auto sector is not going back to where it was before the recession began. So I think the issue for the Ontario government is to look at the potential revenue growth that we may well have, which is diminished from what we've seen in the past, unlike what you see in resource-producing regions, and to take a much tougher view with respect to the spending agenda. The concern that I have more than anything else is that, by 2014-15, when other provinces are going to be balancing the books, we are going to begin to face substantial issues with respect to the aging population, primarily in health care but in a wide variety of other areas.

So the plan is achievable. If I were recommending anything, it would be to try and accelerate the process, because I believe that the next decade is going to be a much more difficult one for demographic reasons in Ontario. It is also a decade which is unlike the previous one, where the US economy was really booming. That was very favourable to our manufacturing sector.

Mr. Norm Miller: Our economy relies so much on the American economy. There's certainly uncertainty as to what will happen in the US, and there is other uncertainty—you were projecting interest rates trending upwards. You're predicting a relatively strong, or stronger, Canadian dollar. I guess, in terms of that deficit and the plan to balance the budget, the government is, as part of the plan, stating—I think it's 2% increases in spending on health care. You showed the demographic: We're getting older. And from where I sit, when you look at the past expenditures of the last few years, where health care spending has increased 6% to 8% every year, I'm just not sure that's achievable.

Mr. Warren Jestin: The health care envelope is the most challenging anywhere I go. Whether I'm travelling in Europe or the US, it's an extraordinary issue. I'm also chair of a hospital, so I understand operationally where the rubber hits the road on this issue. I think the government is moving aggressively in that area and other areas as well, but I think the demographics are catching up with us. I think that unless we can generate a whole lot more jobs in the service sector, which I'm reasonably optimistic we can, and restructure manufacturing to broader, more global markets, the revenue base simply isn't going to be there to support the type of spending growth that we may well have. Cutting spending to 3% on health care over the medium term is a target, but it is still a pretty aggressive target, given the type of requirements that are built into the system.

Mr. Norm Miller: I guess a question to do with the public sector versus the private sector: I see reports where pay in the private sector—pay and pensions—is 30% below the public sector. The challenge you've outlined is the need for Ontario to balance its budget. It seems like the government's attempt at a wage freeze has not been very successful. Any comments about the need for balance there between the public sector and private sector in terms of wages?

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Mr. Warren Jestin: Again, this is an issue that is not unique to Ontario. In fact, I believe that not only are you going to hear about health care, but you're going to hear a whole lot more about pensions. I mean, we're trying to do it at a national level, to reach consensus at the federal and provincial level as to how to make pensions sustainable and how to ensure that Canadians have adequate income in their retirement years. But for many reasons, I think you're going to find that that is going to be a difficult objective to achieve. Constraining the outflow and making sure that the underfunded nature of some pension plans is adequately taken care of is, I think, going to be a major restriction on overall government spending going forward.

We're better off, by the way, in many cases, than most jurisdictions. And I think this is going back to my comment about the reverse beauty contest: We are the least ugly in this in many respects, but we still have a lot of work to do.

The Chair (Mr. Pat Hoy): Thank you. Now we'll go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Thank you very much for making this presentation today.

The commodity prices in the graph that you showed—you also showed West Texas Intermediate and its fluctuations. So is oil dominating our commodity export activities?

Mr. Warren Jestin: That's a very good question, because, in a way, no. Natural gas is a major export, and those prices are relatively depressed because they're trapped in the North American market. But the fact that we are resource-rich—it extends to nickel and copper and

zinc and iron ore and coal and the like—really has been a driving factor.

When I travel the world, I'm astonished now how many global investors are interested in investing in this country because of the stability of the financial sector and because of the perceived opportunities. That, by itself, drives the currency higher. So we use oil as a shorthand for trying to explain why the currency is so strong, but it's really the abundance, the breadth of the base of resources, that is important for this country.

Mr. Peter Tabuns: When you talk to those investors, their interest is in getting at the commodities? Because it doesn't look as though there is an investment or a growth in manufacturing.

Mr. Warren Jestin: I think our opportunity will be in manufacturing. It's going to be in real estate, certainly. It's in areas where, effectively, we can offer safety and security in the investments around a strong dollar and opportunities as well.

I am optimistic about manufacturing in this province, but I am not optimistic about the current manufacturing base. I think small and medium-sized businesses with skills-based employment that are plugged into global supply chains will do extremely well. I live up in Markham and I see these industries around me all the time, growing. But it is a restructuring in the manufacturing sector that has to go on. We will get foreign investment in those areas, but the traditional areas that we've tended to support, the auto sector and the like, will be important; they're just not going to be a growth sector in the next decade.

Mr. Peter Tabuns: Are there other sectors that you think will be losing out in this restructuring?

Mr. Warren Jestin: I think, in general, you're going to see that businesses that rely on assembly-line production, low-value-added or standardized production systems will tend to have very limited employment gains and may well see further rationalization as we improve our productivity, efficiency and the like. It's going to be these unique industries, these 25- or 50-employee-based companies, that really are using the Internet or selling more service-based products that I think will do very well.

Mr. Peter Tabuns: That would indicate to me, then, growing unemployment or underemployment, given that the industries that you outlined as in decline do employ fairly large numbers of people, for whom that income is critical to maintaining a decent standard of living.

Mr. Warren Jestin: Well, we're already seeing a shift to more high-value-added jobs: financial services have been growing, communications technology and the like. It's a tough transition. It's an extraordinarily tough transition for many families. We're seeing the jobs created, however.

But your point is well taken: If we are going to have those higher-value-added areas, we have to plug into global markets, because if we're focused only on the US, the opportunities for growth of employment are going to be much more circumscribed. So the challenge is to look

much more broadly and to encourage businesses to grow much more into global markets.

Mr. Peter Tabuns: And you're assuming, then, that we will have a competitive edge in intellectual capital. When I look at China, they graduate tens of thousands of engineers on an annual basis. They aren't simply investing in the machinery, in the buildings, to produce goods; they're investing in the intellectual capital.

From your perspective, what is the strategy to deal with not just low-cost labour but high-value intellectual ability in those emerging nations?

Mr. Warren Jestin: Your point is well taken. They're moving up the value-added curve very, very rapidly—

Mr. Peter Tabuns: Yes, they are.

Mr. Warren Jestin: —with state-of-the-art technology. I think job one for the government in terms of focus on spending priorities is in the area of education and skills-based training. I've said many times in this particular forum that improving the average skills attainment of the Ontario labour force and improving the ability to move into skills-based jobs and skills-based training is extremely important. It's not all community colleges and universities—there's a lot of work to be done there—but in terms of apprenticeship programs and the like.

We need some very-high-value-added employees, but the issue is raising the base, because it's the base that attracts jobs. That's the base that effectively allows us to compete on a broader basis and that allows most Ontarians to participate in the growth of income. If we focus just on the very-high-value-added areas, we will tend to make some industries enjoy better conditions, but we will leave a lot of Ontarians behind.

Mr. Peter Tabuns: Thank you.

The Chair (Mr. Pat Hoy): Thank you for your answers in that round.

DR. LIVIO DI MATTEO

The Chair (Mr. Pat Hoy): Now we'll move to Lakehead University via videoconference, so if we can get that put in place—there we are. Good morning, sir. Can you hear me?

Dr. Livio Di Matteo: Good morning.

The Chair (Mr. Pat Hoy): Very good. You have up to 15 minutes for your presentation. There will be up to five minutes of questioning from each of the parties here. If you would just state your name before you begin, and you can start with your presentation.

Dr. Livio Di Matteo: Certainly. Thank you very much. My name is Livio Di Matteo. I am professor of economics at Lakehead University.

I'm going to switch over to the slides. Once the slides are over, I will switch back for the questioning in terms of being present here.

What I want to do today is present to you an overview of Ontario's economic and fiscal situation. Let me begin with a quick summary.

Ontario's economy was severely hit by the recent recession, particularly in its resource and manufacturing sectors. While the recession is ending and both employment and output are beginning to recover, we still need to address the long-term performance of the Ontario economy. Even without the impact of the recession, the fact is that Ontario has been performing poorly over the last decade when compared to many of the other provinces in the Canadian federation. Productivity and income growth have lagged.

Fiscal sustainability is having the resources necessary to provide the public goods and services that, as a province, we have decided we need. When lagging productivity and income growth is combined with fiscal indicators that point to rising deficits and debt, the sustainability of Ontario's public finances is called into question. Poor economic growth, low productivity and lagging per capita incomes will result in a decline in Ontario's standard of living and will also result in poorer public services.

I'm going to go through three very basic economic indicators and some variations thereof. First, I'm going to look at real per capita GDP, which is provincial output per person adjusted for inflation. I will present some information on employment. Then I will produce also a very simple productivity measure, which is real GDP per employed person. These data sources are from Stats Canada and documents from the Ontario government.

Let me start with real per capita GDP. In terms of real per capita GDP, the first decade of the 21st century is a decade in which Ontario's economy stood still. While the overall output of Ontario's economy has grown over the last 20 years, when you adjust that output for inflation and divide by population, provincial output per person has essentially stagnated since the start of the 21st century. While the drop since 2008 can be attributed to the severity of the recession, the fact remains that the period from 2000 to 2008 saw little in the way of growth.

Notwithstanding the recessionary period, if real per capita GDP from 2000 to 2007 had grown at the same average annual rate as it had from, say, 1993 to 2000—about 3% per year—then real per capita GDP in 2008 would have been approximately \$42,000, or about 23% more than it actually was in 2008. This represents output forgone from Ontario's economy equal to about \$7,000 per person.

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Ontario's economic performance has also been poor in relative terms. Ontario's poor performance, in some sense, would be more tolerable if it was accompanied by other poor performers, but Ontario's real per capita GDP performance has stagnated while that of other provinces has continued to improve. Ontario's real per capita GDP, which is the line with the brown circles on this particular slide, has recently been surpassed by Saskatchewan and Newfoundland and Labrador. While Ontario still has a higher per capita GDP than many other provinces, the fact is they also have continued to grow while Ontario has stayed flat.

As a result, Ontario has begun to slip in the rankings of per capita output within the federation. In 1990, Ontario was second only to Alberta in its real per capita GDP, while today it has slipped to fourth place. Since 2000, Ontario's real per capita GDP has gone from being about 25% above the provincial average to being barely at the provincial average.

As Canada's largest province and largest single provincial economy, the health of the Ontario economy has long been an important driver of prosperity for the Canadian economy. Ontario has traditionally accounted for about 40% of the nation's output and a similar share of its population. Ontario's economy has traditionally been a diversified performer, rooted in manufacturing, resources and services, and served as a powerhouse for the Canadian economy. However, the powerhouse is waning and its performance has become less electrifying. During the course of the first decade of the 21st century, Ontario has seen its share of Canadian output decline steadily. From about 42% of national output in the late 1990s, Ontario's share has dropped to below 36%.

Over the period 2000 to 2010, Ontario has indeed been the worst provincial performer in terms of the growth of real per capita GDP. Over the first decade of the 21st century, eight out of 10 provinces experienced an increase in their real per capita output, while only Ontario and New Brunswick saw declines. Even Quebec, which has been the historical poor economic sibling to Ontario, saw its real per capita GDP grow by 6% during this decade. Given this performance, it is perhaps no surprise that Ontario has come to qualify for equalization payments.

Employment is another indicator to consider. Despite the poor per capita GDP performance, employment has continued to grow in Ontario. Indeed, since 1991, employment in Ontario has grown by 32%, even despite the recent losses from the recession. However, when the employment growth is taken alongside the output stagnation, it means that more workers are producing less output per person. This is a problem in economic productivity.

Labour productivity has declined. Real GDP per employee rose from the early 1990s to 2000 but has since taken a steep drop. Real output per worker from 2000 to 2010 fell from \$71,000 to \$65,000, a decline of about 8%. This decline in productivity was also recently noted in a study by Andrew Sharpe and Eric Thomson of the Centre for the Study of Living Standards. They noted that while there has been a productivity slowdown in Canada overall since 2000, Ontario was the province that contributed disproportionately to the slowdown because of the concentration of manufacturing in the province and the fact that manufacturing was a major source of the low productivity. Ontario was responsible for nearly two thirds of the decline in Canadian labour productivity since 2000. Keep in mind that Ontario only accounts for about 36% of national output.

What does declining productivity mean? Productivity and low growth in the long run is important because

cumulative slowdowns in the rate of economic growth result in the long-term erosion of our standard of living. If your real per capita GDP is growing at 2% per annum, you can expect your per capita income to double in about 36 years. At 4%, it would take about 18 years; at 10%, a mere seven years. While real per capita GDP in Ontario grew at just over 3% a year over the period 1995 to 2000, between 2000 and 2010 it actually shrank at an average rate of about one third of 1% per year.

The long-term implications of low or declining economic growth are stark. Low growth means that the tax base is also not growing, which means that to increase or maintain public spending you will either require higher tax rates or deficit financing. Since 2000, government expenditure in Ontario has grown by 96%, while government revenues have grown by 62%. The result has been deficits in many of the years since 2000. Fiscal sustainability is government having the resources to do what the public wants or needs. Growing deficits and debt mean that Ontario's public finances have a sustainability problem, which puts the vital programs we all need at risk.

Ontario's public finances, over the long term, can be neatly summarized by an examination of the revenues and expenditures and their difference: the deficit. Since 2007, expenditures have rapidly outpaced revenues, resulting in even larger deficits. Part of the recent deficit gap is the result of increased spending during the recessionary period, while part of it is also due to the slowdown in revenues because of the recession.

Nevertheless, long-term factors are also at work. Slower long-term economic growth is a factor, given that the ratio of provincial government revenues to GDP was 14.6% in 2001, reached 16.6% in 2007—just before the onset of the recession—and in 2010 was at about 17.6%. Revenue has grown slower than expenditure but has grown faster than GDP, meaning that the revenue burden on the economy has also grown. Maintaining current levels of spending has required a rising revenue burden as well as a larger deficit. Large deficits, in turn, have accumulated into growing debt.

I have Ontario's net debt on the left and the debt-to-GDP ratio on the right in this slide. When deficits and debt are combined with the power of compound interest over the long term, the results can be astounding. Ontario's net public debt in 1965 was \$1.6 billion and has risen to an estimated \$245 billion in 2010. The debt is the sum of accumulated deficits plus interest. Given that Ontario's net debt was \$132 billion in 2000, it means that nearly half of Ontario's net debt was acquired over the last 10 years. Indeed, while Ontario has been a province in the Canadian federation for 143 years, over 80% of its debt has been acquired in the 20 years since 1990.

A debt means interest costs to service the debt, and debt service costs in Ontario have only been as manageable as they have been because of historically low interest rates, rates that will inevitably have to rise, given inflationary pressures in the growing economies of India and China. Of course, the ability to carry debt is also a function of your GDP, and in Ontario, the debt-to-GDP

ratio has also risen dramatically and now stands at nearly 40%.

By way of comparison, the federal debt-to-GDP ratio has always been larger than Ontario's. However, as the federal government has gotten its finances under control, its debt-to-GDP ratio has dropped—and it's dropped dramatically—while Ontario's, over the same time period, has continued to rise. In 2010, Ontario's debt-to-GDP ratio actually surpassed that of the federal government for the first time in living memory. The debt situation in Ontario has been compounded by a weak economic performance that was aggravated by the recessionary period from 2008 to 2010. Even with recovery from the recession, Ontario will also need to boost its productivity and growth rates to make sure its debt-to-GDP ratio does not worsen.

Ontario is an economy facing many challenges. Ontario's economy, as evidenced from its output and productivity performance, has been on a low-growth trajectory, with long-term implications for the province's public finances and its public services. Rising deficits and debt have been tolerable up to this point because of the fiscal dividend afforded by the lowest interest rates in 40 years. But should interest rates begin to climb, the combination of a large debt and the power of compound interest will be devastating. The long-term implication of poor economic growth and productivity is ultimately a lower standard of living and reduced public services in health, education and other programs we hold dear. Ontario must improve its economic growth record and its productivity performance and bring its public finances under better control.

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That concludes my presentation. Thank you very much, Chair and members of the committee, for your attention. I'm going to switch it over now to the camera.

The Chair (Mr. Pat Hoy): Thank you for your presentation, and questioning will come from the official opposition. Mr. Miller.

Mr. Norm Miller: Good morning and thank you very much, Professor Di Matteo, for your presentation this morning. First of all, I'll ask a question from the end of your presentation. You were talking about the deficit levels of the province of Ontario and the increasing debt—some very high-level stuff. I guess my question is, what does this mean for the average person, the average family, if we stay on the course that we've been on in the past number of years in the province of Ontario with big spending that's not matching revenues?

Dr. Livio Di Matteo: If you want to work it out in per capita terms, the debt works out to about \$17,000 or so per Ontarian. Deficits today, essentially, in order to bring the finances under control, will either mean reduced spending on public services tomorrow or higher taxes. In the end, you are going to have to bring that situation under better control and that is what the implication is for Ontario families. It will mean either less spending on public goods or higher taxes at some point.

Mr. Norm Miller: Can you expand a little bit on the declining productivity and what that means for the average person in Ontario as well?

Dr. Livio Di Matteo: The declining productivity for the average person means the economy is not going to have as rich a tax base. A poorer tax base, of course, ultimately is going to mean less revenue to support public services. Low productivity also translates directly into your own pocketbook in the form of lower incomes and lower wages down the road. If your economy isn't as productive, then your workers aren't going to be earning as high an income. So from both sides that means you are going to be less well off.

Mr. Norm Miller: If I'm understanding you correctly, this trajectory we're on is putting things like health care and education spending by the government at risk.

Dr. Livio Di Matteo: Over the medium to longer term, yes. You can't continue, in a sense, paying for things with deficits. The deficits recently have been fairly large in part because of the recession, but as the economy improves, you're going to have to balance the budget. You're going to have to probably try to make some inroads on the debt because the real risk is if interest rates start to climb. If interest rates start to climb with a \$245-billion net debt, your debt service costs will squeeze money even more so. So unless you counterbalance that with a rising tax base through economic growth, you will either have to cut spending or raise taxes.

Mr. Norm Miller: And what is your prediction for interest rates over the next number of years?

Dr. Livio Di Matteo: That's a million-dollar question. If I knew the answer to that, I'd probably be quite wealthy myself. Interest rates are going to go up. They're not going to go up dramatically, but if you look at what's happened over the last year on even a basic savings account, interest rates have doubled. They've gone from about 1% on a GIC for about a year to about 2%. I would expect interest rates to probably go up on basic savings accounts double once again, which means borrowing costs on the government debt right now will probably average out to about 5%; I could see them going to 7% or 8% within a couple of years.

Mr. Norm Miller: So in other words, in round numbers, I think the government of Ontario spends around \$8 billion servicing the debt, and in their own projections they're predicting it to go up to \$17 billion. I don't know what interest rate they're figuring in that, but obviously that's—

Dr. Livio Di Matteo: They've probably made an assumption of rising interest rates to fit that in already, but the question is, will interest rates climb higher than what the assumptions are?

Mr. Norm Miller: And that \$17 billion is money that could be spent on programs versus just servicing this increasing debt.

Dr. Livio Di Matteo: That's correct.

Mr. Norm Miller: Okay.

Dr. Livio Di Matteo: Or providing tax relief.

Mr. Norm Miller: Very good. The one slide—I just want to make sure I got it correct—did show that our debt-to-gross-domestic-product ratio versus the other provinces is the worst in the country. Is that correct?

Dr. Livio Di Matteo: That was just compared to the federal government, actually. I was just comparing Ontario's debt-to-GDP ratio to the federal government's debt. For the first time we're actually at their level, but they've come down rather dramatically since the mid-1990s.

Mr. Norm Miller: Okay. Thank you very much for the presentation today. It's very much appreciated.

Dr. Livio Di Matteo: You're quite welcome.

The Chair (Mr. Pat Hoy): And now we'll move to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Having heard the presentation and the questions by the opposition, I have no questions.

The Chair (Mr. Pat Hoy): Now we'll move to the government side. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Professor, for joining us this morning. It's a pleasure to have you here and thank you for all the great work that you're doing up at Lakehead University.

I have just two specific questions. The first has to do with your numbers from 1990 to 2010 indicating that 80% of the debt has been acquired over that time period—yes?

Dr. Livio Di Matteo: Yes, that's roughly the estimate.

Ms. Leeanna Pendergast: So you're saying there are two choices: less spending or higher taxes?

Dr. Livio Di Matteo: Well, it's a little more complicated than that. There are different ways of—

Ms. Leeanna Pendergast: But those were your words.

Dr. Livio Di Matteo: Yes, they were, ma'am.

Ms. Leeanna Pendergast: So I guess what I want to delve into is exactly that fine balance. The McGuinty government is committed to that fine balance, and as you pointed out with a lot of statistics and a lot of numbers over the last 20 years, it's a very difficult challenge, especially given the current global economic climate. We're hearing the opposition saying they could roll back the HST or cut the HST, and that would mean less revenue, and, in your own words, less revenue means less investment in public services. So again, we find ourselves in that difficult fine balance, how to maintain that and yet move forward and deal with the manufacturing sector, which I'm going to ask you about next.

What would be your recommendation? You paint a great picture. You gave us a beautiful idea of the current climate. What would be your top recommendation for next steps, given the picture that you've just painted for this government?

Dr. Livio Di Matteo: There are a number of things that I would suggest be explored. The first is export diversification. I think, given the growth in India and China, the Ontario government should take a leadership role in promoting more exports, given our dependence on

the US economy and the fact that the US economy is going to remain flat.

Investment in human capital and education I think are also quite important. I think the future is going to be more knowledge-based and the government has actually shown leadership in that area already; that, I would continue.

I think the government also has to do something about the cost of electricity and energy prices. I think one of the reasons the Ontario manufacturing sector was hit hard was by the increase in electricity pricing, and if further steps can be taken to mitigate the increase in electricity prices and energy prices, that would be beneficial.

The other thing I guess you have to consider, in terms of how do you deal with the deficit: Do you cut spending or raise taxes? I'm afraid I'm more of a gradualist there. I think you'll need to restrain expenditure growth. But if you look at what has happened on average over the last 10 years, spending has grown at about 6.5% a year on average, revenue at about 4.5%. So it's not so much a question of cutting per se in absolute terms but of reducing expenditure growth. Rather than growing at 6.5% a year, you're going to have to bring that growth rate down to probably 3% or 2% in order to narrow the gap on the deficit between the revenues and expenditures. As the economy recovers, revenues will rise, and therefore if you restrain the expenditure growth side, you will probably balance the budget maybe even a bit sooner than you might be anticipating.

Ms. Leeanna Pendergast: Thank you. Number two that you talk about, investing in the human capital, is a segue to my last question. You talked about Ontario contributing to the slowdown because of the heavy manufacturing that we have in Ontario. A previous presenter complimented the government for our investments in skills training, in jobs. He talked about skills-based training and having to raise the bar in that area. We heard a lot last week as we travelled the province about Dr. Rick Miner's report, *People Without Jobs, Jobs Without People*. Do you have any comments in the area of looking at continuing to invest in skills training and, as we heard earlier this morning, raising that bar?

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Dr. Livio Di Matteo: Well, it's important to invest in education. The days of finishing high school and getting a high-paying job are pretty much over. I think you really are going to have to make sure that anyone who graduates has some form of post-secondary education, whether it's university, college, or skills training, trades and apprenticeships. I think that is something that's going to have to be hammered home with the young and particularly with their parents, that, in a sense, that investment is necessary to make.

However, in terms of deciding exactly what you should be educated in, that's a tougher call. It's really hard to predict what the labour market is going to require five or 10 years from now. Personally, I think the best thing you can do is acquire post-secondary education. In some sense, it isn't even as important what it is; it's a

question of being able to acquire the ability to learn, to acquire new knowledge, to become adaptable. So whether you get a university degree or a college diploma or some type of apprenticeship, that provides you with a foundation that you can then use to meet new challenges.

We can't predict exactly what jobs someone is going to have 10 years from now, and suddenly falling head over heels over yourself investing in one particular educational sector because you think that's going to be the next growth area—five years from now, you could turn out to be wrong. I think you need a more balanced approach. You need to fund the educational institutions and let them compete amongst themselves, in the sense of providing programs and letting the students decide where they think their future lies.

Ms. Leeanna Pendergast: Thank you, Professor.

The Chair (Mr. Pat Hoy): Thank you, Professor, for your presentation this morning.

Dr. Livio Di Matteo: My pleasure.

CANADIAN UNION OF PUBLIC EMPLOYEES

The Chair (Mr. Pat Hoy): Now we'll move to the senior economist with the Canadian Union of Public Employees. Good morning, sir. You've seen the last two rounds, but I remind you that you have 15 minutes for your presentation and—you see how the questioning has gone—five minutes from each of the three parties. If you'd just identify yourself for our recording Hansard, you can begin.

Mr. Toby Sanger: My name is Toby Sanger. I'm the senior but also junior economist and chief economist for the Canadian Union of Public Employees.

Interjection.

Mr. Toby Sanger: Yes, thank you.

Thanks very much for the opportunity to appear here. I worked as an economist at Ontario finance in the mid-1980s and then again in the 1990s, so this feels like home, even though I live in Ottawa—where the politics often seem far away from the concerns of Ontario.

You've heard a bit about fiscal alarmism about Ontario government spending and deficits. I want to take a bit of a longer-term view and a broader view of the situation. There's no question that there are economic challenges for Ontario, both in the short term and in the long term. As you heard from previous presenters, Canada fared relatively better than other advanced countries during the recession. We might not have had a great recession here compared to the 1990s, but it wasn't a garden variety recession, either. Ontario, of course, was hardest hit because of greatest exposure to the US and the manufacturing sector. Other provinces benefited from an oil price and mineral price boom, but this also had a negative impact on Ontario. The stimulus was of course successful in preventing a much worse downturn, but it also left large deficits.

Economic growth, as you'll see from this slide—is this using Ministry of Finance figures going forward—is

expected to be more moderate than in the 1990s recovery, and we also face the longer-term challenges of slower productivity growth and labour force growth. The main reason that growth is expected to be slower is because we can't depend on monetary stimulus in the form of lower interest rates, like we did in the 1990s. During the 1990s, governments cut spending, but the economy grew because it benefited from a massive jolt of monetary stimulus in the form of falling interest rates and a declining Canadian dollar. If governments cut spending right now, it would cause a major economic slowdown, and perhaps another recession, as we're seeing in the UK.

We do have a high dollar, but we don't have a lot of control over that. Interest rates have almost nowhere to go but up, and it's important that the Bank of Canada maintains low interest rates so that the economy isn't derailed.

Of course, our dollar has been driven high as a result of the Canadian economy's regression to an increasingly resource-based economy. In a lot of senses, and you heard this from the first presenter this morning, the Ontario economy has not been well served by federal policies that have been aimed at promoting Canada as a fossil fuel energy superpower.

I think it's worthwhile to take a look back at what happened during the boom in the 1990s. We had a booming economy during the 1990s and to the early part of the previous decade, but most working families didn't really benefit. There was very large growth in corporate profits; the red line that you have there is inflation-adjusted per capita profits. Meanwhile, real average wages, after adjusting for inflation, were largely stagnant. Until recently, the real value of minimum wages was lower than they were in the late 1970s, when I was a teenager, and I really commend governments that have increased that recently.

We've seen this reflected in the worst rates of inequality since the 1920s. Despite record corporate profits, rates of business investment and productivity have been largely stagnant in Ontario and in Canada during the past decade.

This is an interesting chart. There's a lot of focus on public deficits, but it's also important to look at the deficits of the household sector and the balances of the corporate sector. So there's a complete reversal in this about 10 years ago. Low wage growth and rising house prices led to massive and unprecedented deficits for households, starting about a decade ago. Meanwhile, high corporate profits, cuts in business and corporate taxes and low business investment led to unprecedented corporate surpluses—that's the blue bars there. A lot of the excess profits went into financial speculative investments, mergers and acquisitions, share buybacks and major excess cash reserves.

We see this reflected in debt ratios. There are different measures between household, government and corporate sectors, so they're not strictly comparable, but these lines here give a good indication of the trends. As we all know now, the debt of Canadian households has steadily

increased and is now at a record rate of personal disposable income. By some measures, these are higher than rates in the United States.

Public sector debt ratios have declined over the past two decades, but increased slightly as a result of the recession. The red dashed line there is a gross debt, it's not net debt, and net debt is considerably lower. Meanwhile, corporate debt ratios have kept on falling, even right through the recession. So once again, the corporate sector has great balance sheets and often lots of excess cash, but they aren't investing in the economy.

There's been a lot of concern and alarmism about increased public spending in Ontario. Certainly, there's been reinvestment in public services during the past few years and past decade, and that's been important. There has also been increased spending as a result of the recession. But as a share of the Ontario economy overall, current public spending by all levels of government is considerably lower than it was at the time of the last recession. Revenues are also considerably lower than they were as a share of the economy.

What has changed is who is providing the public services. There was a major downloading from the federal government to the provinces in the early 1990s. I think we all should remember that. This continued through the decade, together with cuts and downloading to municipalities and individuals. During the 1990s, the Ontario government also cut spending and downloaded costs to municipalities and to the public. This, of course, resulted in municipal infrastructure deficits escalating to over \$100 billion in Canada and tens of billions of dollars in Ontario, major deficiencies in health care services, record rates of food bank use and growing social deficits. So there's been some rebuilding since, but the share of overall public spending in Ontario is still low compared to 15 years ago.

Ontario's provincial program spending is also low compared to most provinces as a share of its economy. Only Alberta and Saskatchewan have lower rates of program spending, and that's because they have had booming resource-fuelled economies. On a per person basis, Ontario's program spending is 10% lower than the government of Saskatchewan's and 15% lower than Alberta's.

I did a little bit of fiscal forecasting using Ministry of Finance figures, and the results show that Ontario could return to a fiscal balance at a reasonable rate without any real cuts to program spending, keeping per capita real spending constant; that means program spending increasing at 3%. They could achieve this even faster if they also reversed some of the corporate income tax cuts, closed some tax loopholes and put this money into public services or else achieved some other efficiencies in public services as well.

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The main challenge, as I think some of the other presenters have mentioned, is of course in terms of jobs. Ontario lost 250,000 jobs at the depth of the recession. There are still about 100,000 more people unemployed in

the province than at the start of the recession. More job growth and higher wages lead to higher revenues and lower public spending.

In terms of what measures have the strongest impact, the strongest economic boost of all comes from public spending, particularly in areas such as child care and early learning—and I commend the government for its excellent plan on that—health and social services and education and infrastructure. Investments in these areas not only provide social benefits but they also result in broad-based productivity improvements and greater labour force participation. These are both major challenges for longer-term economic growth.

At the bottom of the barrel in terms of economic stimulus are corporate tax cuts, with both economic and jobs multipliers at only a fifth of those for public investment.

As an economist, I have to say I was shocked when I saw these figures. Canadian governments got into supply-side tax measures seriously about a decade ago, with ongoing cuts both to business and capital and to tax rates applying to higher incomes. The idea behind this was, if you had higher profits and more savings, this would lead to greater investment, then higher productivity and strong economic growth.

In fact, the reverse has happened. Lower corporate tax rates have actually resulted in a lower rate of business investment. Profits have escalated, and there's lots of capital and wealth concentrated in the hands of a few, but rates of business investment have declined and productivity has been stagnant. As a result of this, our economy has become the victim of ever-more-frequent booms and busts, and the public is paying the price as we go through that. Rather than corporate income tax cuts, I think it's much more effective to use things such as investment tax credits to stimulate investment and job creation.

I do have a few other slides that are included in the handouts that I provided. I wasn't going to really talk to them; I thought I'd have run out of time by now. But they do show that public sector employment in Ontario is declining as a share of total employment. Also, public sector wages are a declining share of provincial public spending.

Then finally, there was a question—I had to smile when the member asked the question of the bankers about pay. Ontario public sector wages have actually only just recovered to the level that they were in 1992, in terms of their real value. Other analysis has shown that public sector workers are not overpaid, despite some of what you've seen in the press.

I'll finish my presentation, and I would be pleased to answer some questions.

The Chair (Mr. Pat Hoy): Very good, and the questioning will begin with Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Toby, thanks very much for coming in today and making this presentation.

One of the slides that you've put here that's most disturbing is the one showing corporate tax cuts not increasing investment. When I hear about productivity

not increasing in Ontario or in Canada, when I look at that question, that productivity is not linked to whether or not Canadians work hard. It's linked to whether or not employers invest in machinery so that their ability to produce is increased.

In fact, it seems from this slide that the tax cuts we've engaged in since Paul Martin's biggest tax cut for corporations in Canadian history have meant a decline in our economy. Is that a relationship that you've seen in your assessment?

Mr. Toby Sanger: Well, I have to say, this is a very puzzling result. I don't really know the answer. Standard economics would say that if you've got a lower tax rate, then that should lead to higher investment.

I've got some of my own theories of why this is happening. I think one of the things that has happened—we've seen it recently—is that a lot of businesses have put their money into short-term speculative financial investments and not into the business investment that's really necessary.

I think there are some perverse impacts as well. Some of you may have read the piece in the *Globe* this morning, in the Report on Business. Jayson Myers, who I think is a reasonable economist, said that US corporations, because they're taxed on their global income, don't find a benefit from lower tax rates in Canada.

There have been other stories also, recently. Basically, of all people, the *Globe* reporter found Harvie Andre as one business person who said that he actually was investing—this is a former federal Conservative minister—in the economy, in new tools and equipment. But most of them aren't, because if the demand isn't there, why are you going to invest? They're making a perfectly logical decision in terms of that. I think it's much better to focus on policies that actually reward that investment, whether your company is profitable or not.

I don't know if that answers your questions.

Mr. Peter Tabuns: No, it does. I appreciate it.

Could you just speak briefly to the experience in the UK—it hasn't gotten that much coverage here in Ontario—the recent significant cuts by the Tory-led coalition government? Apparently, it slowed down the economy and is going to make it harder for them to deal with their deficit.

Mr. Toby Sanger: I wish I could speak more knowledgeably about it. I think there were some news reports recently that the UK economy has slowed down as a result of these austerity measures.

I found it interesting that, just recently, the IMF came out with basically a rebuttal of some arguments that you can engage in austerity measures but have a growing economy. A lot of people pointed to the Canadian experience during the 1990s for that. Well, the reason why they were able to engage in spending cuts, in fiscal austerity, was because we had massive monetary stimulus. This IMF report clearly rebutted these arguments and pointed out—they actually used an example for Canada. They modelled Canada and showed that there would be a con-

siderable slowdown if you engaged in spending cuts in that way.

Mr. Peter Tabuns: Thank you.

The Chair (Mr. Pat Hoy): Thank you. Now we'll move to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Mr. Sanger, for being here this morning, and thank you for your presentation.

I'm an English teacher by trade, and you've given us a deck of all charts and numbers. I'm going to give you the award—from all of last week, travelling the province—for speaking the quickest.

Mr. Toby Sanger: Sorry.

Ms. Leeanna Pendergast: Well done. Thank you.

Just a couple of points of clarification, if you don't mind. On page 5: "Ontario can return to balance without cuts to real per capita program spending." I thought you made some very fascinating comments about how to shrink the gap faster. You mentioned closing tax loopholes. You talked about corporate taxes. Could you just go back to that and just go over those couple of points for me, please?

Mr. Toby Sanger: The Ministry of Finance came out with their economic and fiscal report in the fall. Now, they didn't have a longer-term fiscal forecast. I plugged in some numbers for growth in program spending at 3%—I think that's higher than the finance minister had suggested—and also plugged in the numbers that the Ontario government had in terms of their longer-term economic growth figures, and reasonable figures in terms of interest rate on the debt and growth of revenues. The Ontario government can return to balance at approximately the same pace as after the 1990s recession without cuts to per person real program spending. So that means increasing at approximately 3%.

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That's just a sort of base-case scenario. There are ongoing efficiencies in public services and savings that you can achieve, and we've seen recent fiscal results from Ontario where the government's deficit has been significantly improved over initial forecasts. I certainly expect that Ontario can return to fiscal balance at a reasonable pace without cuts. That's the point of this exercise. I just think that there's a lot of fiscal alarmism going on, and we need to take a more reasonable and longer-term view of the picture.

Ms. Leeanna Pendergast: Very well said; I like the reasonable view as well. At least, that's what this government is committed to, that fine balance and that reasonable view.

When I turn over to page 6, thank you for your comments on public investment yielding a strong boost. You complimented—commended—the government on full-day learning and child care, and your chart shows that the government investments in health care, social services and public infrastructure are on the right track. Agreed?

Mr. Toby Sanger: In terms of child care and early learning, I certainly supported those programs. I think it was very good to have it in a seamless manner. I'm not

supportive of opening it up to private child care providers. I think that there's a strong quality aspect to it that's really important. As a parent of young children, it's really important to be assured of the quality of the services that are provided. And you don't know what it is, as a parent, and I think it's really important to have it be non-profit, publicly provided child care. I think it's a perfect example to have placed in schools. I suggested that to the government of Nova Scotia as well.

Ms. Leeanna Pendergast: Excellent. I guess that goes back to our first presenter, the idea of raising the base; going back to daycare and JK goes back to the very fundamental—

Mr. Toby Sanger: Absolutely, and it also encourages much stronger long-term labour force participation. So there are a whole lot of different benefits there.

The Chair (Mr. Pat Hoy): Thank you, and thank you for your presentation.

Oh, I'm sorry. We have to go to the official opposition. We'll hear from them now for five minutes.

Mr. Ted Arnott: Thank you very much, Mr. Chairman, and thank you for your presentation. I found it interesting.

I have a couple of questions. One of your slides is entitled "Public investment yields strongest boost," and you make reference to health care and social services spending being particularly helpful in terms of boosting the economy. I assume that you would draw that conclusion for capital expenditures as well as operating expenses. Would you?

Mr. Toby Sanger: Well, it does depend. Ontario's capital expenditures have increased at quite a fast pace. I do think that the alternative financing and procurement program of the Ontario government is misguided because it's leading to higher long-term debt over the long run. But these are economic multipliers. They're not produced by me; they're produced by Informetrica and Finance Canada.

Mr. Ted Arnott: But you did mention the \$100-billion infrastructure deficit that seems to be a number that's commonly held now, in terms of the infrastructure deficit in the province. Certainly, I'm concerned about that as well.

There was a written brief that was sent to this committee by the Groves Memorial Community Hospital. Gord Feniak, who is the board chair, pointed out that the Groves Memorial Community Hospital in Fergus has a number of deficiencies that were identified 10 years ago: no wheelchair-accessible washrooms; patient separation insufficient to readily allow protection from the spread of disease; the emergency department substantially undersized relative to the number of patients being treated, with patient confidentiality being impossible; and various other deficiencies.

Certainly, our community has been waiting a long time to hear from the provincial government on whether or not we'll be allowed to move forward to the next stage of planning for the new hospital that we hope to build. We've raised \$15 million towards that plan and that

vision. We're still awaiting the government's commitment to work with us and support us in this respect.

I would commend all members of this committee to read this brief, and I would hope that they will.

You're probably aware that the provincial government is currently spending \$2 billion a year on hospital infrastructure projects. Would you think that's enough, or would you suggest that there should be more allocated towards that particular funding envelope?

Mr. Toby Sanger: Well, as I said, I think the important point is how you spend it and where you spend it. I mentioned that I think there can be efficiencies and lower costs achieved in areas of this by having it publicly financed rather than privately financed. So it's not just a dollar amount; it's how you do it.

Mr. Ted Arnott: It's how it's spent. Well, I would think that if there's \$2 billion being spent in the province, our community would expect our fair share.

You also indicated that in your opinion it would be possible to balance the budget over the medium term without substantial spending cuts. In fact, your slide says Ontario can return to balance without cuts to real per capita program spending. You indicated that one of your assumptions would be that program spending would grow at 3% inflation plus population growth; I'm not sure what that means. But I'm not sure if you're aware that in the most recent long-term deficit reduction plan that the government articulated, which was in last year's budget, they indicated that they could balance the budget by, I think, 2018. One of their key assumptions, which is openly stated in the document, is that they would hold program spending to less than 2% per year, which is considerably different than what they have done in their term of office from 2003-04 until today, which, we have heard, is more like 6% to 7% a year.

Of course, if spending is going up by 2% or 3% a year, that's obviously not a cut, but I think in many government programs it would probably represent a real cut. In some ministries' budgets, it would represent a real cut if you were to hold spending increases to 2% or 3%, as you've suggested. Would you care to comment on what I've just said?

Mr. Toby Sanger: Well, if you're holding the real value of per capita spending to 3% overall, I don't think that it necessarily results in a real cut, because people often don't recognize the increased efficiencies that are being achieved on an ongoing basis in the public sector in a whole lot of different areas. Of course, you can find savings in those different areas. So I don't believe that a 3% increase would necessarily lead to it. It may lead to it in some areas, but I don't think, in general, it necessarily would over the longer term.

The Chair (Mr. Pat Hoy): Thank you for your submission.

Mr. Toby Sanger: Thank you. Sorry about speaking so quickly.

ASSOCIATION OF MUNICIPALITIES OF ONTARIO

The Chair (Mr. Pat Hoy): Now I would ask the Association of Municipalities of Ontario to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. In this case, the questioning will come from the official opposition. I'd just ask you to state your names for our recording Hansard, and then you can begin.

Mr. Peter Hume: My name is Peter Hume. I'm a councillor with the city of Ottawa and president of the Association of Municipalities of Ontario. To my left is Pat Vanini, the executive director of the association. My comments today will highlight the written submission that we have provided to the committee.

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Rural or urban, northern or southern, municipal governments are united in our hope and aspirations for the future of those we serve. For municipalities, much of that hope resides in the ongoing benefits reached through the 2008 Provincial-Municipal Fiscal and Service Delivery Review agreement.

The commitment to the phased upload of social assistance and court security costs was a significant turning point. It set a new course for provincial-municipal collaboration. It is the most important fiscal restructuring advance municipalities have had with the province in the past decade. The Ontario drug benefit and the Ontario disability support program costs are fully paid by the province this year, and it will have reduced its reliance on municipal property taxes to pay for its programs by \$947 million. In addition, the Ontario Works benefit upload is on schedule. Staying the course, honouring the agreements and commitments, and preserving the upload schedule to 2018 continue to be of critical importance to municipalities.

We didn't achieve everything we wanted in the review, but the intergovernmental co-operation that resulted in this deal is essential for many of the challenges that remain and continue to develop. Municipal governments quickly responded to the global economic crisis with infrastructure investments. For every federal and provincial dollar spent, a municipal dollar was spent as well. We were eager and willing participants in helping stem the economic decline. We did so in part because of the long-term, predictable uploading agreement. We did so by fast-tracking capital plans, accelerating withdrawals of capital reserves, and taking on more debt and more borrowing. It showed the public how the three orders of government can and should work all the time.

Even with the infrastructure investments and uploading, choppy waters still remain for municipal governments. Ontarians still pay the highest property taxes in the country. Municipalities in Ontario have seen double-digit spending growth in four key areas which are generally regulated or greatly influenced by the province. From 2003 to 2008, costs for policing and fire have gone

up by 29.9%. In the same five years, our role in health-related costs is up 21.8%, water and solid waste costs are up by 19.3%, and social housing costs are up by 16.8%. The advice we are putting forward today addresses matters related to these growing expenditure areas.

Despite record investments by all three orders of government in the last few years, we still need infrastructure assistance. Municipalities cannot fix the \$2.7-billion gap in roads and bridges, the \$1-billion gap in transit or the \$1.2-billion gap in water and waste water all on our own. It's a message we've taken to the federal government, and we're here to deliver it as well.

Our infrastructure deficit left in the wake of diverting property tax dollars to social service spending for the past 10 years has taken its toll on our ability to put funds for capital improvements in all areas of our service responsibilities. We are calling on the province to create a new infrastructure investment fund. We're not looking for a laborious, inefficient grant application process but a streamlined, predictable, sustained level of support over a long period of time.

This need and approach is of particular importance to small and rural communities, whose transit system of roads and bridges is vital to their communities, just like transit is vital to urban communities. When over 5,000 kilometres of roads and related bridges were transferred to municipal ownership in the 1990s, it further exasperated the maintenance and rebuilding of the road system that was already owned and on our books. As a result, there are many municipalities that are asset rich and revenue poor, and they need help.

It is also time for the province to consider making permanent the provincial gas tax for transit program. It has helped to improve and expand transit service in over 80 municipalities, improving the movement of goods and people.

We are also calling for infrastructure funding to help with the extensive social housing stock that was transferred to municipalities. This stock alone represents hundreds of millions of dollars of financial risk and exposure for municipalities. The government's new affordable housing program is good public policy, but in order to be successful, it requires investment beyond the capacity of property tax dollar revenues, unless, of course, the desire is to see property taxes in Ontario grow even more.

We are working the halls of Parliament Hill for financial assistance, but it is critical that we get support here from Queen's Park. This is truly one area where all three orders of government can make a difference. Clean, safe, affordable housing has positive impacts on health, poverty, learning and productivity.

Municipalities own almost 50% of all infrastructure, more than either the provincial or the federal governments: arenas, community centres, housing, transit systems and libraries, all requiring extensive modifications in order to meet the accessibility needs of a growing number of Ontarians. This too is a shared interest. We understand the benefits of inclusion. We understand the spending power of those with disabilities. However, most

of it benefits the provincial and federal governments through consumption taxes.

While supportive of the accessibility policy, for municipalities, it is a new and unfunded mandate. Our built-environment challenge looks very different from that of the province. We believe the province needs to consider a funding approach to help us meet provincial regulation.

We also know a heap of trouble awaits if we do not make advancements in our approaches to waste management in this province. Since 1989, Ontario has filled up 649 of its 730 landfill sites. In over 20 years, there has only been approval for one energy-from-waste facility.

Property taxpayers will continue to shoulder a big bill. What is the incentive for industry to reduce its packaging? Should a 75-year-old widowed pensioner help pay for the disposal of your or my computer or pay for the disposal of paint that was used on her neighbour's house? Without producer responsibility, she is paying through her property taxes even though she may not be the consumer.

Like the Environmental Commissioner, we believe responsibility for waste management appropriately belongs with producers and consumers. Making producers and consumers responsible for waste should be our goal, not hiding the costs, not ignoring the problem and not letting producers of waste ride on the backs of taxpayers. Producers of waste won't attend public meetings in your community when we have to start looking for more landfill space. None of us will be able to duck this inevitability if the province doesn't act further on extended producer responsibility.

I want to turn to the Ontario municipal partnership fund. It remains an essential program for many communities. One of the emerging concerns is with the formula to deal with policing costs, as it is to help northern, rural and remote areas. In 2008, municipalities spent \$3.26 billion to provide policing services to their communities. Provincial assistance was a mere 2% of that total, or \$66.1 million. Together, we need to look at the policing component of the OMPF to ensure that it is truly reflective of and responsive to policing in small and rural communities, including what the recent OPP settlement means today and over time.

Municipal liability exposure has led to ever-increasing bills. This liability exposure is predominantly because municipalities are deep-pocket defendants. Plaintiff lawyers see municipalities as having limitless public resources at their disposal and are increasingly making us the targets of litigation when other defendants do not have the means to pay higher damage awards.

Consider Essex county's experience. In 2010, the county's insurance rates increased by 47.5%, and this year a second staggering increase of 41%. Alone, it is enough to trigger a 1% property tax increase in the county. Surely, you agree that there are much better ways to spend property tax dollars than paying to insure against this punishing negligence regime. We know that it's not an easy issue, but we need to get on with a better way forward.

Municipalities are becoming even more cognizant that increased regulations or cost-share changes are eroding the fiscal gains of our upload. This regulatory creep or cost-share creep is evident in many areas, including ambulance, long-term care and public health. There is hardly any regulatory change that has not been couched in a health and safety rationale, but we need to get a better handle on the cost-benefit impacts of such changes.

In summary, preserving the existing upload schedule, together with advances in infrastructure investment and some of the other key needs I have mentioned, are what municipal leaders are putting forward for the 2011 provincial budget.

That concludes our submission, Mr. Chairman.

The Chair (Mr. Pat Hoy): Thank you. We'll move to the official opposition for questioning. Mr. Miller.

Mr. Norm Miller: I have a couple of questions, and I know Mr. Barrett has a question as well.

First of all, you were talking about the need to keep the gas tax that's going to transit. I know there's at least one private member's bill on our side of the House that would like to see that gas tax go to all municipalities. You outlined the need for roads and bridges funding. Do you have a position on that?

Ms. Pat Vanini: It does need, in a similar manner, an ongoing commitment, one that doesn't, as the president mentioned, rely on grants, grant applications and those processes, because, as you know, in rural and northern Ontario, they don't have the extensive staffing to make those kinds of submissions. That's why the submission calls for a long-term, almost formula, approach to dealing with road and bridge needs. This was an approach that was actually done back in the 1970s and 1980s.

Mr. Norm Miller: Okay. I'm sort of going quickly because I've got more questions to ask than I have time to ask them. You talked about the 29% increase in policing costs and fire costs over the past five years—I believe I got that right. The Minister of Finance announced a wage freeze for the public sector in last year's budget. What's happened with your policing costs going forward since last March?

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Mr. Peter Hume: I think that part of our challenge is in changing some of the processes that lead to the cost awards from our arbitration process. Some of the other issues—WSIB, presumptive legislation, the pension systems—are driving our costs, and that's where we're seeing some of the challenges.

When you start to talk about the arbitration process, we really believe that change needs to be made such that arbitrators are required to take into account the municipality's ability to pay.

Mr. Norm Miller: Okay. We support that completely.

I guess I'll pass it on to Mr. Barrett, because I know he's got some questions.

Mr. Toby Barrett: Thank you for presenting on behalf of AMO. As MPPs, we find we're dealing so much with concerns around wind turbines and transformer stations—vibration, noise, health impacts. Much

of it is neighbour versus neighbour. Nobody knows when these things are coming in. Obviously, there's no yellow sign that goes up by the side of the road to say that there's some kind of a development, which we traditionally see from your member municipalities. What are you hearing from your membership, your municipalities? What should we be doing to try to resolve some of these—a lot of it's neighbour versus neighbour. I find MPPs are less equipped to deal with those kinds of issues than, say, municipal elected representatives.

Mr. Peter Hume: Well, the reactions are mixed across the province. When you're talking about planning authority, there is some fundamental disagreement over the loss of the planning authority, but in some parts of the province, there is relief that the province will be taking on this issue. As you rightly pointed out, it can be very divisive.

So there are different views on the issue, depending on where you are in the province. For some communities, windmills and energy facilities are divisive; in other communities, the same facilities are embraced. So it's really quite a mixed bag for us.

Mr. Toby Barrett: Okay. Thank you.

The Chair (Mr. Pat Hoy): And thank you for your presentation before the committee.

CANADIAN NATIONAL INSTITUTE FOR THE BLIND

The Chair (Mr. Pat Hoy): Now I call on the Canadian National Institute for the Blind to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this round, it will come from the NDP and Ms. DiNovo. I'd just ask you to state your names for the purposes of our recording Hansard, and then you can begin.

Mr. Paul Ting: Good morning. My name is Paul Ting. I'm the managing director for Ontario and Nunavut. Here with me is Christopher McLean, who is the director of government relations for CNIB for Ontario.

Thank you very much for this opportunity to appear before the standing committee. CNIB was established in 1918. Their mission is to enhance independence for Canadians who are blind or partially sighted and to be the leader in promoting vision health. We provide vision rehabilitation services, library services and support programs for children, working-age adults and seniors. My remarks today will focus on three themes: I will speak about the social and economic impact of vision loss; how services help mitigate the costs of blindness; and the current challenges in delivering services. CNIB will provide two recommendations to the standing committee on how the province can achieve better returns on its current investment in vision loss services.

The social and economic burden of vision loss is very significant. During 2009, CNIB and the Canadian Ophthalmological Society produced a study which measured the total impact of vision loss on the lives of Canad-

ians. The cost-of-vision-loss study concluded that the net financial cost of vision loss is \$15.8 billion a year. Of that, \$8.6 billion is spent every year in the health care system; in Ontario, that represents \$3.8 billion. With only 25% of blind working-age adults participating in the workforce, the cost of lost productivity is \$4.4 billion a year. That employment rate has not changed in a generation, since 1988.

For seniors in particular, being blind escalates the risk of traumatic injuries, which contribute to emergency room visits. I want to state a few examples. People with vision loss have twice the risk of falling, three times the risk of clinical depression, four times the risk of hip fractures and more medication errors. Seniors with vision loss are admitted to long-term care, on average, three years earlier than the rest of the population. And the number of Canadians with blindness or partial sight is projected to double in the next 20 years.

CNIB, through the investment of the Ontario government and community partners, is taking action to address this situation. Our services support Ontarians through all stages of life and reduce the economic and social burden of vision loss. Three quarters of CNIB clients are over 60 years of age. Services for seniors, provided in their homes, help them maintain their independence and relearn the skills needed to continue daily living and remain active. CNIB services empower seniors to continue participating in their communities and travel safely. Investing in vision rehabilitation services impacts the health care system by reducing the burden on acute care and helping seniors remain at home. Making these services more readily available reduces the reliance on social services.

Because of the chronic unemployment problem, almost half of adults with vision loss report a gross annual income of \$20,000 or less. A key component of finding employment is being prepared. For blind and partially sighted consumers, access to vision rehabilitation services enhances life skills, empowering them to travel more safely, use adaptive technology and improve literacy. A strategy to increase the productivity of blind and partially sighted consumers should include an investment in vision rehabilitation services.

Investing in vision rehabilitation services helps blind and partially sighted children, at all stages of their development, receive the key supports they need. These services are critical in helping them become socially resilient, achieve educational goals and build job readiness that will result in long-term success later in life.

I want to speak about vision rehab services now. Visual rehabilitation services are cost-effective; however, the province's investment in these services has not kept pace with other sectors of the health care system. While the cost of delivering services has increased, revenue from the government has been flat for several years.

The direct cost of vision rehabilitation services for blind and partially sighted Ontarians remains partially subsidized through local health integration networks. These direct costs totalled \$12.2 million in 2010. By

comparison, CNIB received only \$7 million in funding for these services. The remaining \$5.2-million revenue gap is raised through charitable donations. This is not sustainable. In no other sector of the Ontario health care system do providers cover the salary of their caregivers with charitable dollars.

What has the impact been for Ontarians? With growing demand for services, staff resources are thinning, caseloads for workers have increased, wait times for clients for services have increased and wages have stagnated, making recruitment and retention of qualified workers a challenge. As it is, CNIB has reached only one in five people who could benefit from services—one in five.

All Ontarians who are blind or partially sighted must have equal access to services, regardless of where they live. Unfortunately, the reality across the province is that LHIN funding for vision rehabilitation services can range from as low as 30% to 90% of the costs. Vision rehabilitation services are subject to the same regional irregularities identified in the 2010 Auditor General's report on home care services. Specifically, funding is not allocated on the basis of locally assessed client need but remains a historically based allocation. These funding inequalities threaten the long-term sustainability of CNIB's ability to deliver vision rehab services.

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Last week, I had the opportunity to meet with the Honourable Sophia Aggelonitis, the minister responsible for seniors. She was astounded at these numbers. The minister gave us her full support for a comprehensive vision health plan, and she asked us to indicate her support to this committee.

In conclusion, I'd like to offer two recommendations to the standing committee, to improve the situation for blind and partially sighted people living in Ontario: first, that the government of Ontario invest in vision rehabilitation services to meet current and future demands. For the population of Ontario, this will be a total investment of \$14.2 million annually. This is the amount required for Ontario's LHINs to provide equitable support for the core costs of services. It would also allow CNIB to increase service volume by 20%.

Second, we call upon the Ministry of Health and Long-Term Care to adopt its own recommendation to deliver a comprehensive vision health plan for Ontarians.

CNIB fully supports the principle of health care integration and the value of system collaboration.

To create opportunities for further health care system efficiencies, CNIB advocates for the integration of vision health promotion and prevention strategies to reduce incidence of blindness and vision loss, and partnerships across the continuum of eye care professions to promote a common vision health plan.

A key enabler of this strategy is contained in the Ministry of Health's 2010 report by the Health Professions Regulatory Advisory Council on eye care in Ontario. A key finding from this report is that Ontario requires a comprehensive vision health strategy, including a plan

for vision rehabilitation services to address the growing crisis of vision loss in Ontario.

Further, there must be improved collaboration from all eye care professionals. The report recommends the creation of a vision health task force to work with the Ministry of Health and Long-Term Care to develop a vision health plan. CNIB fully supports this conclusion and urges the Ministry of Health and Long-Term Care to work with all stakeholders to expedite the development of an Ontario vision health plan.

Thank you for the opportunity to present our submission to the committee today.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Thank you very much for the presentation today. A number of people have come forward with reports that show that there are substantial savings to be made in later treatment by investing in prevention at an early stage. Can you give us a sense of the scale of demand that is currently unmet in this province? When you say you need to enhance your service delivery capacity to meet demand, what is unmet right now?

Mr. Paul Ting: We could only service one out of five who need our services today. In Ontario, there are self-identified Ontarians who have significant vision loss. It's 375,000. So we are only able to meet one out of five people who need that service today.

Mr. Peter Tabuns: And those other four: What do they do when they don't get access to the vision services and the support services that you offer?

Mr. Paul Ting: We have to use other strategies in terms of engaging volunteers, not to the extent that we'd like to provide support to them, in the time that we want to address. For example, there's a growing wait-list issue, and it is significant in terms of regional. In the rural areas, for example, we can only go there to visit the community maybe once or twice a year with a team of health care providers, rather than having the ability to support them when they need that kind of support. That's the regional disparity that I spoke about earlier.

Mr. Peter Tabuns: Okay. So in urban areas, there's presumably a much higher level of service.

Mr. Paul Ting: That's correct.

Mr. Peter Tabuns: When you say "regional," it's not so much the southwest as rural versus urban where you get the difference.

Mr. Paul Ting: That's right. But let me add to that. We know that the growth, especially in the 905 area, around the GTA, has been significant over the last few years. But the services, due to our funding, have not been able to keep pace. That's also the issue in urban areas, in addition to rural areas.

Mr. Peter Tabuns: You noted in here the cost to the health care system and to the economy from vision problems that are not addressed. Has anyone done an analysis of the savings that are there through early intervention?

Mr. Paul Ting: We do not have a direct study done at the present time, but this we do know: We know that the stats that I quoted earlier, in terms of the population of

Ontarians with vision loss—they have significant issues in terms of the risk of falling and the risk of clinical depression. Those eventually end up in the emergency department that the Ontario government will have to deal with in a higher-cost environment.

We feel that by providing vision rehabilitation services in the community, it will prevent those things from happening, which is very consistent with the goals of what the Ontario government and the Ministry of Health want to achieve: to not create pressure at emergency, but to provide the services to allow Ontarians to remain independent in the community as much as possible.

Mr. Peter Tabuns: And is there any province in Canada, any territory, that comes closer to the model that you're suggesting—providing adequate vision care, vision rehabilitation? Is anyone leading on this at the moment?

Mr. Paul Ting: Yes. In fact—

Mr. Peter Tabuns: Who?

Mr. Paul Ting: Quebec. Quebec is funding vision rehabilitation services 100%. The government both funds and provides those services. That's the model they moved to a number of years ago, so the services there for the population that we support are a lot better than in the rest of the country.

Mr. Peter Tabuns: And have they done a study of any of the health care cost containment that would come from that preventive care, that rehabilitative care?

Mr. Paul Ting: I'm not sure that there was a systematic study of that, but this we know: Speaking to the people who have vision loss—either blind or partially sighted—in Quebec, they don't have to be on the waitlists as long as the rest of the country. In terms of having to go to different places in order to find the services that they need, they can go to one single place. All the comprehensive assessments will be done and all the support will be provided. That's the model I think we should be looking at in terms of the funding and also the scope of services available through that funding.

Mr. Peter Tabuns: Okay, thank you very much. I appreciate those answers.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Paul Ting: Thank you.

ALLIANCE OF SENIORS/ OLDER CANADIANS NETWORK

The Chair (Mr. Pat Hoy): Now I ask the Alliance of Seniors and the Older Canadians Network to come forward, please. Good morning. You have up to 10 minutes for your presentation. The questioning this time will come from the government. I'd just ask you to state your name for the purposes of our recording Hansard.

Mr. Derrell Dular: Derrell Dular. Bonjour.

The alliance/network began in 1993 as the Alliance of Seniors to Protect Canada's Social Programs and was founded by that generation of seniors whose ideals and values were shaped by the hardship and sacrifice experi-

enced during the Great Depression and the world wars, and in response to successive federal and provincial budgets that demonstrated a substantial withdrawal of financial and political support for Canada's cherished social safety net.

The diversity of our coalition reflects that of Toronto, the most culturally diverse city, and of Canada itself. Individually, our members hail from all walks of life, including academia, business, professions and, of course, the general citizenry. Together, we find common ground in our alliance/network's mission statement: to preserve and enhance Canada's social programs on behalf of present and future generations; to promote a society where all persons have an equal opportunity to live in dignity, to realize their potential and to participate in the democratic process; and to educate and raise public awareness about the values, life experiences and lessons learned by Canada's older citizens.

As a coalition, the alliance/network does not presume to speak for individual participating organizations, nor represent their specific positions. Rather, we seek to build consensus upon the shared values amongst our participants when addressing issues of mutual concern.

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In this submission, we have drawn freely upon the plethora of advice provided by our diverse participants. We regret that given constraints prevent us from addressing in depth many of the concerns expressed. Our primary focus here will deal with two major areas of concern: the provincial debt and deficit, and its limiting effect on government policy and program funding; and health care, the keystone of Ontario's and Canada's social safety net.

From the committee's report of the pre-budget consultation in 2010, we note that, in appendix B, the dissenting opinion of the Progressive Conservative members of the committee, it is reported that on October 22, 2009, the government announced a \$24.7-billion deficit. The dissenting members then calculate, "Every hour, 24 hours a day, the McGuinty government spends \$2.8 million more than it receives in revenue." And further: "Since Dalton McGuinty came to office, Ontario's debt has grown by \$65 billion or 45%..."

From these statements, one may calculate that the provincial debt was then approximately \$144.4 billion. From the Canadian Economic Observer: Historical Statistical Supplement 2009-10—StatsCan—one can glean that the projected 2009-10 interest payable on that debt was \$9.4 billion, or, divided by 365, about \$25.7 million a day, and further divided by 24, about \$1.07 million per hour.

The great recession and consequent calls for stimulus spending aside, it is the compounding interest payable on the public debt that is significantly adding to the annual deficit and accumulating public debt—and not only in Ontario but in provinces across this land and, including federally, the country itself.

Again from StatsCan: Canadians paid \$160 million per day in 2009 in interest on federal, provincial and mu-

nicipal debt. The portion of that carried by the people of Ontario was \$64 million a day, every day, all year long. Some people find it hard to believe these numbers. They can't see where we are spending \$64 million a day in Ontario, but the figures are correct and easily verifiable through StatsCan. It means that this tax money is not available for other areas. It means that our taxes are higher than necessary. These costs are also reflected in user fees; cutbacks in public services such as health care, and education; the visible deterioration of public infrastructure such as roads, sewers, water lines; affordable housing etc.

Crucial to our governmental debt problems is the fact that our governments at all levels borrow from private banks and from other private moneylenders and pay market rate interest on these debts. Each year, governments collectively across Canada presently pay some \$60 billion in interest on their debts, and as these debts increase, with interest rates probably rising, this enormous annual burden for taxpayers will increase. But this interest expense is not necessary.

Through our publicly owned Bank of Canada, the federal government has the power to borrow money in the required quantities essentially interest-free and to make such funds available not only for its own use, but also for provincial and municipal expenditures. It is possible because the bank belongs to the government, and any interest paid to it, less the costs of the administration, reverts back to the government as part of the bank's profit.

The bank was nationalized by Prime Minister Mackenzie King in 1938, and used to the advantage of Canadians for 35 years. But in later years, controls over monetary policy were gradually reduced. By 1974, monetarism and free market ideology were adopted in Canada, and the government reduced its use of the Bank of Canada to finance public debt, relying almost entirely on the private sector, and de facto control of currency and credit was taken over by privately owned chartered banks. As a result, when interest rates were pushed very high in 1979 through 1981, and again in 1989-90, the federal debt soared over 3000%, from \$18 billion in 1974 to \$588 billion in 1997, with corresponding increase in provincial and municipal debt and massive debt charges. In 2009, federal interest-bearing debt stood at \$710 billion, and total interest-bearing debt for all levels of government reached approximately \$1.5 trillion.

Our governments' indebtedness to private financiers gives that sector undue influence on government policy, leading to decisions that benefit private interests over the public interest and the community as a whole.

How did we get into this mess? Not by living beyond our means, as some would say. Unemployment insurance, welfare programs, old age pensions and housing did not increase as a percentage of GDP. The real culprit in the debt's astronomical rise was not social programs but high interest rates, made more galling because the government, both Liberal and Conservative, could have borrowed from its own bank at near zero interest cost.

If our government had been using its own bank, the Bank of Canada, as it should have for the past 35 years, we would not be in this situation. From 1867 through 1975, the accumulated federal debt amounted to \$19 billion, and during that time we paid for two world wars and other smaller ones, built the TransCanada Highway, contributed to the construction of the St. Lawrence Seaway, built housing, hospitals, schools and universities, brought in the Canada pension plan and made medicare a national service. Such borrowing played a key role in creating Canada's post-war prosperity and its social safety net.

The knee-jerk reaction to the suggestion that the government borrow from its own bank is that it would cause runaway inflation. Since for over 30 years our government has not borrowed significantly from its own bank but primarily from private sources, at interest, we might assume there has been little inflation. We know, of course, that is not true.

The Vice-Chair (Mrs. Laura Albanese): I just want to give you a pre-warning. You have less than two minutes left.

Mr. Derrell Dular: Thank you.

Just think for a moment what a house cost 30 years ago and what a similar one costs today.

While borrowing too much money can lead to inflation, once the decision to borrow has been made, it is no more inflationary for the government to borrow from the Bank of Canada than it is to borrow from the private financial markets. In fact, it is less inflationary by exactly the amount of the interest the government saves by using its own bank.

To reduce the influence of the private financial sector, both foreign and domestic, and to save taxpayers billions of dollars every year, our politicians, federally and provincially, should vigorously support using the Bank of Canada for financing public debt to invest in public services and infrastructure and gradually repay our governments' privately held debts. Think of it as debt consolidation on a provincial and national scale.

It is the only way out of the mess we're in. The only way to get adequate funding for public services and job creation and to reduce taxes is to use our public bank, the Bank of Canada, for financing public debt. To attempt to pay down existing debt from earnings will only impoverish us and our children, our grandchildren and their children's children.

I'm running out of time.

Our health care concerns obviously stem from the debt issue. In Ontario, per capita health spending is the second lowest in Canada. Seniors and older Canadians are very concerned and feel very strongly about medicare. The language of unsustainability that the McGuinty government has been using regarding health care is dangerous and untrue. It does not befit a government that has won two consecutive elections with support for public health as a cornerstone of their platform.

The Vice-Chair (Mrs. Laura Albanese): Your time has expired, if you could kindly wrap up.

Mr. Derrell Dular: I'm sorry?

The Vice-Chair (Mrs. Laura Albanese): If you could have just one last sentence to wrap up.

Mr. Derrell Dular: One last sentence to wrap up. I said we had a plethora of input on this from our many groups, and I really regret that we can't address housing, transportation and everything else.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation. This round of questioning goes to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you. You're looking well up there, Chair. Nicely done.

Thank you, sir, for your presentation and thank you for being here today to represent the Alliance of Seniors and Older Canadians Network. I just had a couple of points of clarification, beginning with just exactly who the alliance is. I know that you explained it in the beginning of your presentation; it's just that there's a lot of information that comes at us very quickly. That's why the questioning is very helpful. You mentioned that the alliance/network does not presume to speak for individual participating organizations nor represent their specific positions.

Mr. Derrell Dular: That's right, because many of our—

Ms. Leeanna Pendergast: So tell us who the network is speaking for.

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Mr. Derrell Dular: For example, Canadian Pensioners Concerned has made a written submission and requested standing before the committee but was not satisfied in that regard.

When I talk about the diversity of our coalition, participating organizations include the Association of Jewish Seniors, the Canadian Institute of Islamic Studies and Muslim Immigrants Aid, Caribbean Canadian seniors, the Yee Hong centres, the North York Latino American Seniors, the Jamaican Canadian Association, Korean Inter-agency Network—we are culturally diverse and our members are active and concerned citizens.

Ms. Leeanna Pendergast: So do you poll your members? How many members would you say you have, approximately?

Mr. Derrell Dular: The combined membership, individual and organizational, is approaching a half a million.

Ms. Leeanna Pendergast: Okay. Do you poll them, or how do you sort of glean this knowledge?

Mr. Derrell Dular: We poll them regularly. We rely on the Internet; a remarkable number of people in their 80s and 90s are Internet-literate, and we're very grateful for that because it makes our communication process that much easier. As I say, we're a volunteer-based organization. I have a staff of none.

Ms. Leeanna Pendergast: I'm laughing in sympathy. Thank you. Actually, we heard across the province last week that we are hearing from a lot of seniors over the Internet, so that's a very good thing.

A couple of comments you made: The provincial debt/deficit, the \$24.7 billion, as you know, has now been reduced by 25%; it's now at \$18.7 billion, which is a remarkable accomplishment by this government.

You mentioned that our taxes are higher than necessary; I do remind you that 93% of the people of Ontario have seen relief in their taxes due to our recent tax package. But I wanted to jump ahead. You mentioned CPP, the Canada pension plan, and I wanted to get your thoughts on that. We've heard from a lot of groups across the province that probably overlap your membership as well. We've heard from educational groups—

Mr. Derrell Dular: We were very disappointed in the seeming consensus among provincial Premiers for this new sort of solution to the approaching pension dilemma in the country. We would prefer to see an expansion of the existing Canada pension plan as the most efficient, effective and least administratively expensive.

Ms. Leeanna Pendergast: Thank you. That's what I wanted to hear from you. The finance minister, the Honourable Dwight Duncan, continues to call on the federal government for reform to the CPP, as well as introducing Bill 120 for pension reform in Ontario, with which I'm sure you're familiar. Almost two thirds of the recommendations of the Arthurs report have been met in that reform—more good news.

The language that you're talking about: This government is committed to sustainability of health care in the province of Ontario. I'm concerned about the negative, the unsustainability, and I want to assure you that we're committed to the sustainability of health care. I think you go on to make some excellent points, points that we have heard around the province in terms of health care and the particular demographic which you represent today.

Mr. Derrell Dular: What we are very concerned about with health care is incremental privatization, the loss of services in hospitals because their budgets are inadequate and haven't kept up with the rise of costs and inflation. The fact that Ontario is the second-lowest contributor to health care, per capita, in the country is very, very upsetting.

Ms. Leeanna Pendergast: And we're hearing, of course, across the province—

The Vice-Chair (Mrs. Laura Albanese): You have 30 seconds left.

Ms. Leeanna Pendergast: We heard from hospitals as well, commending the government for the ALC strategy, the alternate levels of care; continuum of care; reduced ER wait times. I guess from your perspective, and we have less than 30 seconds, what would you say you want to leave the government and this committee with today, in terms of cost to look at that would support what your membership is asking for?

Mr. Derrell Dular: I think I'd go back to our original point: The biggest cost to this province and to taxpayers of this province is the ineffective financing of our public debt, and this has to be addressed and should be forcefully addressed by the number one province in this country.

Ms. Leeanna Pendergast: Thank you, Derrell.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation.

CERTIFIED GENERAL ACCOUNTANTS OF ONTARIO

The Vice-Chair (Mrs. Laura Albanese): We now call on the Certified General Accountants of Ontario to come forward. Good morning. You will have 10 minutes for presentation, and that could be followed with up to five minutes of questioning by the official opposition in this round. Please identify yourself before you begin for the purposes of Hansard.

Mr. Ted Wigdor: Certainly. My name is Ted Wigdor. I'm the vice-president of government and corporate affairs for the Certified General Accountants of Ontario. With me is Amy Mulhern, manager of public relations.

Before I begin, I would like to extend both greetings and apologies on behalf of my CEO, Doug Brooks. He was certainly intending to be here with us this morning, but unfortunately, due to illness, he is unable to attend. These things happen, unfortunately.

On behalf of the 28,000 certified general accountants and students in the CGA program of studies, I would like to thank you for the opportunity to present our recommendations for the upcoming provincial budget.

I'd like to start with a brief overview of who we are as an organization. The Certified General Accountants of Ontario is a self-governing provincial professional authority responsible for the accreditation, regulation and continuing professional development of CGAs in the province of Ontario. We operate under the provisions of the Certified General Accountants Act, 2010, the CGA Ontario bylaws, and the code of ethical principles and rules of conduct. The mission of CGA Ontario is to ensure its members merit the confidence and trust of those who rely upon their professional knowledge, skills, judgment and integrity while advocating the use of their professional expertise in the public interest. CGAs have a 100-plus-year history of delivering accounting and finance expertise to all sectors of the Ontario economy, and we remain committed to making the province an even better place in which to do business and to live. More information on who we are and what we do can be found in our written submission to you and the Minister of Finance.

The last few years have been challenging for the Ontario economy, as we all know. The economic downturn of 2008-09 affected all sectors. Jobs were lost, families affected and government resources strained.

In 2010, Ontario's economy showed signs of growth. As noted in the 2010 economic outlook and fiscal review, Ontario recovered most of the jobs lost during the recession, compared to the United States, which recovered just 10%. Ontario is emerging from the recession. The implementation of the harmonized sales tax last summer, coupled with personal and corporate income tax reduc-

tions, will provide both short-term and long-term benefits to the Ontario economy.

While it is still early, there are economic reports that these tax measures have already had a positive impact on the economy. The 10% increase in business investment in machinery and equipment is one success, yet we are not out of the woods. Despite improved employment levels and growth in GDP, there is much economic uncertainty domestically and around the globe. Our economy is affected by both political and economic forces. Private and public sector economic growth predictions for the coming years are a modest 2% to 3%. As our economy is strongly integrated with that of the US, we will be affected by how the US economy performs.

However, there are initiatives that the Ontario government can do in the 2011 budget to improve both its short- and long-term economic prospects. These are our recommendations.

First, dealing with the short term: This budget and subsequent budgets over the near term must focus on accelerating the time frame to return to a balanced budget. We supported the need for intervention subsequent to the 2008 crisis. We also cautioned that the continued significant deficits were not a long-term solution. The government has forecasted combined deficits of \$51.9 billion from April 2010 to March 2013. This is a modest improvement from earlier forecasts but will only have a marginal impact on our overall accumulated debt. These debt levels carry billions of dollars in financing charges for years to come and will hinder the government's ability to invest in future programs such as health care, education and infrastructure.

We strongly encourage the government to set a goal of returning to a balanced budget earlier than 2017-18, with a particular emphasis on reducing the forecasted \$51.9-billion deficit over the next couple of years. Any incremental gains from revenues beyond original forecasts should be used to reduce planned deficits.

The end goal cannot just be to return to balanced budgets. We encourage the government to commit to reducing the accumulated debt once the annual budget is balanced, in order to reduce the annual financing charges associated with the debt that will have accumulated over the next few years.

Admittedly, it is easy to implore you to significantly reduce the deficit. However, we have the following suggestions to help you achieve this goal.

With respect to stimulus funding, we wish to reiterate our main recommendation from last year: that the government undertake a cost-benefit analysis of the larger projects that will be funded through future stimulus spending to ensure that the maximum value in returns on these large investments is realized. The 2010 Ontario Auditor General's report expressed a similar viewpoint: that the government undertake appropriate due diligence when evaluating proposals under the stimulus fund.

We also repeat our recommendation from last year that the government undertake to measure and report back to Ontarians on the economic benefits attributable

to each major project that was funded through the stimulus spending program to ensure transparency. These measures are critical to ensure that there is a strong level of accountability to Ontarians with respect to the major investments that were made through this program.

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In our submission last year, we applauded the government's initiative in establishing a working group to review program expenditures and service delivery to find savings within each ministry. We encourage the government to keep this working group on a permanent basis, with a mandate to find administrative savings in each department, work collaboratively among ministries, and publish an annual scorecard on the effectiveness of program expenditures.

With respect to health care review, we are all familiar with the percentage of the province's operating budget that goes into health care, as well as the trajectory of the health care budget if left unchecked. While we all value the quality of our health care system, most, if not all, of us would agree that the current annual growth rate of our health care budget is not sustainable and that we must find ways to maximize the value of our health care expenditures while curbing its rate of growth.

With this in mind, we strongly encourage the government to create an expert panel of economists, actuaries, health care professionals and leaders who have expertise in the financial management of health care services. The mandate is to provide recommendations back to government on sustainable, affordable options concerning our health care system. It would be advisable to consult Ontarians about the choices they are prepared to consider as part of a new health care strategy while addressing other priorities, such as investments in education, infrastructure, economic development and others.

We support the accountability measures that the government put in place in the Excellent Care for All Act, 2010, and encourage the government to develop a robust accountability mindset for more aspects of the health care sector.

We support the government's targets for reducing the Ontario public service by 5% over three years, as well as the number of classified government agencies by 5%. While welcoming this targeted reduction, it is important that the government be strategic in the way in which it reduces the size of the OPS. We encourage the government to examine the nature of the positions before they are eliminated to ensure that skilled human resources are there to deliver on the government's policy priorities. The government should not reduce its investment in tax compliance measures because these expenses generate a positive return on investment.

Dealing with the long term: While we strongly believe that the budget's primary focus must be on implementing measures that will accelerate the return to a balanced budget, it is vitally important to keep an eye on the long term to ensure that Ontario maintains a strong and competitive economy. While we have learned several lessons from the recent economic recession, two items stick out

for us: Our long-term economic prospects cannot rely on one specific export market, and Ontario's long-term economic growth should not depend on one sector.

Overreliance on one export market results in our dependence on that one market for Ontario's economic growth. Similarly, an economic strategy that focuses on one sector results in severe fluctuations and job loss if that sector falters. In short, we must develop a strategy of diversification. We need to diversify our export markets as well as our economic sectors, fostering emerging sectors and leveraging existing strengths and clusters.

Along with broadening our export markets, we must broaden the private sector base that leverages exports for economic growth. Currently, the small and medium-sized enterprise sector employs 50% of Ontario's workforce but it only represents 35% of Ontario's exports, and these exports are derived from only 8% of SMEs. We believe that there is a significant opportunity to grow our economy by developing an economic strategy and a regulatory framework that fosters a strong entrepreneurial spirit in the private sector.

With particular emphasis on the SME sector, much of this can be accomplished through education and dissemination of information that illustrates the benefits of thinking internationally, and then a corporate export strategy need not be equated with any one particular market. Along with helping businesses grow in foreign markets, this economic strategy should leverage our existing strengths: financial services, high technology and health care research.

Such a strategy will require strong investments and linkages with other stakeholders, including academia, large and small businesses, and federal and municipal governments. It will take time to formulate, but this investment will help Ontario position itself for growth in new and emerging sectors.

To summarize, Certified General Accountants of Ontario believes that Ontario must manage its program expenditures effectively and return to balanced budgets quickly. Once the budget is balanced, a fiscal priority to reduce the accumulated debt should be embraced. By reducing our debt, we will have the ability to fund program priorities and will have the capability to withstand future economic events that may require governments to spend to stimulate our economy, as we experienced in 2008.

Second, Ontario must develop a long-term economic strategy that supports the SME sector and helps that sector diversify our export markets and our economic base in order to remain economically competitive. Moreover, an economic strategy that leverages existing strengths and clusters will create synergies that can be the catalyst for future growth and diversification.

Thank you for this opportunity to speak to you, and I welcome your questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you very much, Mr. Wigdor, for your presentation. I gather that one of your

key recommendations is that the government needs to balance the budget sooner than 2017-18.

In last year's budget, the Minister of Finance announced wage freezes and restraint. How do you think they're doing so far with that?

Mr. Ted Wigdor: I don't have specific information on how that is working out. I believe that's a positive measure, but I think that we need to take a broader look at how to reduce the deficit.

Certainly, that's one aspect, and I applaud the minister for putting forward recommendations that obviously impact public servants. That's certainly one step in the right direction, but as I discussed, we need to look at other ways in which to reduce the deficit, including taking a hard look at the health care sector.

Mr. Norm Miller: One of the groups before you was the Association of Municipalities of Ontario, and they were talking about their cost pressures, like policing costs, fire costs and insurance. They also talked about settlements and their lack of control over them because of arbitrators increasing wages despite the minister saying zero per cent. The reality is, there are 2%, 3%—5% in some cases—increases in wages. Their ask was that arbitrators take into account the ability to pay of municipalities. Is that something you think makes sense?

Mr. Ted Wigdor: I don't claim to be an expert in that area. Obviously, any judicial review or arbitrator would need to look at both the economic sense of an issue as well as the ability to pay. I don't know the extent to which municipalities can or cannot pay arbitration decisions.

Mr. Norm Miller: So you're suggesting that the budget be balanced sooner.

Mr. Ted Wigdor: Yes.

Mr. Norm Miller: I assume that's because you're concerned about increasing interest payments to service the debt. What does it mean if the government doesn't try to rein in spending and keeps ramping up these deficits?

Mr. Ted Wigdor: The more deficit that's accumulated, or the more debt that's accumulated, obviously brings with it additional financing charges, so each year there's that much more money that needs to be put towards interest payments on the debt rather than focusing on other government priorities.

As we experienced with the federal government, the more deficit that you can pay down, it frees up capital to reinvest in programs, and it becomes a virtuous circle. The federal government had a great record for a number of years in that until, of course, the downturn in 2008. I would certainly encourage the provincial government to look at, specifically over the next two to three years, how much debt it can reduce, thereby reducing subsequent interest payments year after year so it becomes a virtuous circle, and it makes it that much easier to balance the budget.

Mr. Norm Miller: I think Mr. Barrett has a question.

Mr. Ted Wigdor: Sure.

Mr. Toby Barrett: You recommend a cost-benefit analysis of the stimulus funding. You recommended that last year as well.

Mr. Ted Wigdor: Yes, and the Auditor General made similar comments in his report.

Mr. Toby Barrett: Yes. He discovered, I think, only 7,000 jobs in the first year. We would do an analysis, or an evaluation, certainly. We're trying to find out how many jobs were actually created.

Secondly, you go on to talk about this working group. Does this government adequately have experts who can monitor and evaluate and determine whether government money is being spent properly? Are we picking up on fraud, for example? I know, down my way, there's an expression: "Government money is stupid money," and the vultures move in on it. Are we catching this kind of stuff, or is it just going out the door with no evaluation?

Mr. Ted Wigdor: I don't know whether you're asking broadly or whether you're speaking specifically about the stimulus funds.

Mr. Toby Barrett: Are there people out there who could actually do this, like forensic auditors, people like that who can pick up on this wasteful spending?

Mr. Ted Wigdor: I'm not suggesting that the spending has been wasteful. I'm not suggesting that there has been fraud. What I am suggesting is that, to maximize the value of investments, there be a scrutiny of the costs and benefits of each major project that is funded through the stimulus package so that we get the biggest bang for the buck.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Ted Wigdor: Thank you, Mr. Chair.

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ASSOCIATION OF ONTARIO HEALTH CENTRES

The Chair (Mr. Pat Hoy): Now I'd ask the Association of Ontario Health Centres to come forward, please. Good morning.

Ms. Lee McKenna: Thank you very much, honourable Chair and members of the standing committee. It's my pleasure to present today on behalf of the Association of Ontario Health Centres, which is a provincial association of 73 CHCs—community health centres—16 community family health teams, 10 aboriginal health access centres, and one nurse-practitioner-led clinic. We call upon the Liberal government to get serious about health equity and to address the great health divide that increasingly mars the landscape of this wealthy province. Some 15.2% of Ontarians are living in poverty. Overlapping with that number are hundreds of thousands who are homeless, underhoused, undereducated, newly arrived, racialized, minoritized, isolated, elderly, vulnerable, often presenting with concurrent, chronic and mutually exacerbating disorders.

Community health centres have been serving exactly these sectors of our population, those who experience

barriers to accessing primary health care, since the late 1960s—for more than 40 years. The clients served by our centres live life on the edges.

Our centres are leading the way in delivering holistic, interprofessional, collaborative care, addressing the conditions in which people live that shape individual and community well-being. Integration of services through partnerships, co-locations and complex webs of community collaborations ensures efficient, high-quality clinical care, health promotion and community development programs—seamless care along the continuum of care.

This government has sent clear signals that it is interested in providing high-quality primary health care for all Ontarians. Community health centres and aboriginal health access centres are well positioned to partner with a government determined to alleviate poverty, reduce emergency department use, reduce hospitalizations, turn around the tsunami of poverty diseases such as diabetes and obesity, give all Ontarians healthy smiles, address the social determinants of health and head off mental illness and addictions before they cost the system many times more than effective primary health care.

However, in order to be those effective partners in province-wide delivery of care that addresses the needs of Ontarians most at risk of illness and chronic disease and the need for system sustainability, then expansion in this model must be a priority.

These are what AOHHC is asking for:

- a one-time infusion of \$150 million to meet the needs of new CHCs and satellites;

- \$25 million to address the capital needs of aboriginal health access centres, whose facilities have seen almost no upgrades, expansions or improvements in the 14 years since their creation;

- an increase in the community portion of health capital from an inadequate \$25 million annually to \$50 million in order to more effectively meet ongoing demand.

Given the Ministry of Infrastructure's plans for a \$60-billion, 10-year disbursement, along with our association partners in Community Health Ontario—the Ontario Community Support Association and the Ontario Federation of Community Mental Health and Addiction Programs—we have submitted a proposal for \$600 million over those 10 years for the creation of 100 health and social service hubs across the province. These hubs would take advantage of, and integrate together, a number of initiatives already under way, such as those named above: provincial strategies for oral health, diabetes, mental health and addictions, as well as housing—supportive housing as part and parcel of hub-centred, one-stop health and social services.

As AOHHC accompanies our member aboriginal health access centres through the transition into the Ministry of Health and Long-Term Care, we urge the government to take this unique opportunity to address a need we have been raising in this forum for six years: AHACs and the aboriginal, First Nations and Inuit people they serve deserve to be fully lifted out of their second-tier status and fully funded, equitably, with their sister organiza-

tions, community health centres. That would mean \$1.5 million per AHAC in equalization funding for each of 10 AHACs.

HOOPP, a defined pension plan inconsistently available across health care settings, is an indispensable tool in integrating and facilitating the effective use of health human resources. It will bring community-based providers in line with those in the hospital sector. Parity in pension offerings will help community health organizations attract quality health human resources, promote higher mobility amongst care settings, enable integration, and increase access to services in rural areas and community settings.

By removing this barrier to integration and enabling greater mobility by the health care provider to where the need is greatest, the quality of health care services and access to care will be enhanced in all regions of Ontario. For CHCs and AHACs, that would mean a closing of a funding gap of \$7 million and \$867,000, respectively. Though we are aware of the government's constraints on public sector compensation, for our sector it is critical that we begin now to plan for April 2012 and beyond if we are to achieve the kind of integration across the system that we all desire.

Recent polls indicate that health care is at the top of the electorate's minds, the majority regarding the provision of health care as the most important thing the provincial government does—albeit a responsibility best shared with the federal government—and Ontarians are willing to protect health care spending more than any other budget priority. Sustainability of the system is important, Ontarians say. We would echo those priorities while recalling that sustainability is contingent on:

- addressing the needs of Ontarians most at risk of ill health and chronic disease, those who draw most heavily on the system;

- addressing the social determinants of health, which are supported typically by other areas of responsibility in government: community and social services, corrections, children and youth, municipal affairs and housing, citizenship and immigration, the environment, education, labour, transportation, and agriculture and food; and

- making spending choices that prioritize poverty eradication over deficit eradication and the well-being of citizens over that of corporations and financial institutions.

In the course of these budget consultations you will hear many voices like ours, echoed by hundreds of organizations representing hundreds of thousands of Ontarians. Common themes are being raised. We urge the government of this province to persist in its promises to deliver:

- poverty reduction initiatives that will make a real difference in the lives of those Ontarians who live on the edge, for whom the potential of this province remains unfulfilled;

- programs and services that are aimed at those most in need of income, educational, housing, nutrition and social supports: smart spending that will result in dollars

saved rather than frittered away on endless reviews or revisions of resources already in existence; and

- investments in infrastructure that make sense, that break down silos and build integration that is not just about mergers and amalgamations because bigger is somehow better. We've been down that road before.

Community health centres, in conclusion, with 40 years of experience in community-based primary health care, along with aboriginal health access centres and community-governed family health teams, are well positioned as the vehicles most appropriate to support and enhance this government's program to enhance the health and well-being of Ontarians.

More than numbers on a page, a budget tells us what we care about as a provincial community of neighbours. Thank you very much. I look forward to your questions.

The Chair (Mr. Pat Hoy): And thank you. The questioning will come from the NDP and Mr. Tabuns.

Mr. Peter Tabuns: Lee, thanks very much for that presentation. You start off asking for a one-time infusion of \$150 million to meet the needs of the CHCs and satellite offices. Can you break that down for us?

Ms. Lee McKenna: That is with reference to the new community health centres and satellites that were announced in 2004 and 2005. So this is not an additional request but it's rather part of announcements made by the government to put in place these new CHCs and satellites, but the funding is being disbursed at a rate that means that the community health centres and satellites will be completed by 2023 without this additional injection.

Mr. Peter Tabuns: Okay. The other question I wanted to get at: You raised the question of diabetes and obesity. Can you tell us how the CHCs in particular can be an effective part of a strategy to deal with those health issues?

Ms. Lee McKenna: CHCs, as I said, for over 40 years have been uniquely mandated to not just treat people of all sorts within the province of Ontario but to focus on those people who are experiencing barriers to accessing care and, beyond that, to pay attention to the social determinants of health. So many of these indicators and conditions, these determinants that shape people's health and well-being, are mutually exacerbating and intersecting, so we will find that people who are low-income are disproportionately also going to be at risk of being or are already diabetic patients.

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CHCs and AHACs are already delivering programs by the Ontario diabetes strategy, but they are minimal; they need to be expanded. When the Ontario diabetes strategy itself indicates that there are 60,000 new diabetics diagnosed every year in the province of Ontario, even if the ODS were to continue at 51,000 new diabetic teams every single year, it would not meet the need—or 51 new teams with 1,000 clients each to just meet the need. That does not include the sort of community outreach that CHCs and AHACs are uniquely mandated to do to bring people in, to go out into communities, to screen and find

just exactly who those people are. They need to be part of an overall food and chronic disease strategy that is going to catch people before they actually become a part of those statistics.

Mr. Peter Tabuns: My guess is that this may be my last question, given time constraints. The funding inequity that you want addressed for the aboriginal health centres: How did that inequity arise, and is it reflected in salaries, in operating funds? How is it actually manifesting?

Ms. Lee McKenna: Yes, yes and yes. CHCs were first created in 1968—the first pilot projects. AHACs were not created until 1997. At that point, there were 10 over the years following that which came into being, but they were being funded through a completely different funding envelope, through the aboriginal healing and wellness strategy, administered through the Ministry of Community and Social Services.

They have never been able to reach parity. A lot of it, admittedly, has been because of the difficulties of negotiations between ComSoc and the aboriginal and First Nations members of the strategy. It has meant that in all of those—operations, facilities, salaries for positions, appalling salaries—the gaps are amazing. That anybody would ever work in an AHAC who wanted to make full use of their training and make lots of money—it's just not the way to go. Until recently, positions were being paid typically half of what you would find in other primary health care settings.

Mr. Peter Tabuns: Okay. Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Lee McKenna: Thank you.

ANGLICAN DIOCESE OF ONTARIO

The Chair (Mr. Pat Hoy): Now I ask the Anglican Diocese of Ontario to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this case, it will come from the government. I ask you to identify yourselves for the purposes of our recording Hansard, and then you can begin.

Archbishop Colin Johnson: Hello. I'm Colin Johnson, the Anglican Archbishop of Toronto.

Mr. Murray McAdam: Hi. I'm Murray McAdam, the social justice and advocacy consultant for the diocese of Toronto.

Archbishop Colin Johnson: Thank you very much for your attention today and willingness to hear me. I'm not going to read from my paper because you have a paper in front of you and I know all of you can read.

I really do appreciate the opportunity to speak to you. I feel like I'm among some friends because my father spent 15 years in the Legislature. Just last September a number of you spoke at a tribute to him, and I thank you, Peter and Ted, for that particularly.

I represent approximately 300,000 to 400,000 Anglicans in the diocese of Toronto and probably close to just

over half a million Anglicans throughout the province of Ontario.

I'm not coming here to speak on behalf of Anglicans. I'm here to speak on behalf of the poor in our province. The Anglican Church of Canada and the diocese of Toronto particularly spend a great deal of time and energy working with the poor. We know who they are. We see them in our food banks and our shelters, at our doorsteps and in our pews. Our congregations reach out to those who live in poverty all the time.

The role of government, I believe, is to make choices. You're always making choices. We all make choices. Yesterday, in churches in the Anglican tradition but also in the Roman Catholic and a variety of other traditions right across the whole board, we heard the prophetic witness of an Old Testament prophet, the Hebrew prophet Micah, who called us back to the fundamentals of our faith: to do justice, love kindness and walk humbly with your God. It seems to me that that is actually the foundation not just of a fundamental faith but of a fundamental civic and civil society: to do justice, to love kindness and to walk humbly with your God.

This past fall, I lived for just three days on a food bank diet. As I said at that point, on a food bank diet you're not going to die but you're certainly not going to thrive. After three days I had to stop because I could not perform all the work that I had to do. Just one instance: all carbohydrates, no protein, no fruit. It was a disastrous diet.

Some 400,000 people in the province of Ontario, 400,000 citizens, use food banks. We feed, in the diocese of Toronto alone, about 78,000 people in food banks. I call on the government to institute a \$100-per-month increase for the healthy food supplement in order to help move beyond that. In fact, it's not a matter of just that it's a good thing to do; it's the right thing to do, and that's part of government choice: to do the right thing, not just the good thing.

I would certainly advocate on behalf of extending an already four-year-old promise to extend dental health to all low-income families in the province.

I congratulate the government for its commitment to reduce child poverty by 25%. We're already halfway through that and, according to the statistics from Campaign 2000, child poverty actually increased last year by 1% rather than decreasing by 25%.

Murray is going to talk about housing and I think I'll turn it over to him right now. But I'd like again to say that we're not speaking on behalf of ourselves; we're speaking on behalf of the poor in our province who need and deserve the dignity that all citizens should get. Murray?

Mr. Murray McAdam: Thank you, Archbishop. I'd like to zero in on the urgency of acting on the housing issue. I'm sure all of you are aware of some of the figures in this area: that there are 141,000 households on the waiting list for affordable housing. In the brief that all of you have, we highlight a few of the human examples of people that are affected. One is, for instance, a single mother in Peterborough whom I met who's living in a

run-down public housing apartment in which the conditions there are so awful, so degrading, that she was rushed into hospital. The doctor said, "You're here because of stress-related issues, and if there isn't a change in your situation you're headed for a heart attack."

Recently last week I met a woman who spoke with the archbishop at an event in support of the healthy food supplement campaign. I noticed that at that event she didn't look very well. It turned out that the night before, she was rushed to hospital. She has a protein deficiency. She's on social assistance.

I mention those examples to highlight first, that we are not oblivious of the cost restraints that the government is under, but, second, that there are very much financial costs of not addressing the housing issues, the poverty issues, that we have in our society.

In terms of housing, we must express our disappointment that the government's new affordable housing strategy paper has no targets for increased affordable housing and no additional funding for any such affordable housing, and we feel that that really has to be rectified. We are happy that the strategy will help those who are already in public housing in terms of some of the rules involved, but we really need to provide more affordable and supportive housing.

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To reiterate the point made by the archbishop: We're at kind of a critical point in terms of the government's five-year poverty reduction plan, and affordable housing is part of that. People are looking for some hope and some real, immediate help in their situations. That's why we add our voice to many, many others in advocating for the \$100-a-month healthy food supplement. It would help local economies—the people getting this income would spend it locally; it would help with their food, the dignity in their lives. It's not a cure-all, but it would certainly help very much.

Thank you for this, and we'd be happy to answer any questions from you.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government and Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Archbishop, and thank you, Mr. McAdam, for being here today and for your presentation. I really only have one question, but it's a big question, and I'm relying on—

Archbishop Colin Johnson: There are only big questions.

Ms. Leeanna Pendergast: I wanted to give you just a quick, quick overview, because the Chair will stop me if I don't, of what we heard last week across the province, and then I'm going to put that in the form of a question. And Joe Dickson here is the MPP for Ajax. I understand that you're originally from Ajax, so Mr. Dickson welcomes you as well.

We heard in Windsor from the 25 in 5 poverty reduction network; we heard from social housing committees across the province; we heard from Voices Against Poverty asking for the \$100 supplement; and Poverty Free Thunder Bay asking for an outreach strategy, which I'd

like to run by you. We heard from provincial advocates asking for support to children's mental health. We heard Put Food in the Budget asking for \$100 to social assistance and the Ottawa Poverty Reduction Network asking to consider more affordable housing. We get this picture of exactly what you were saying.

I had the pleasure of hearing Micah twice—at the funeral on Saturday and then at mass on Sunday—and the idea that it's as simple as this: Caring and kindness will follow you all the days of your life, so what you give, you get back.

We heard from economists this morning, and in your own submission you say that poverty costs Ontario at least \$32 billion in extra costs. So, given that you understand the fiscal restraints that the government is under and given that we hear the economists saying that we have to pay down the deficit now in order to have the savings for the future—it's about that fine balance. Here comes the big question: How and where do we find that fine balance, given that the economists are saying to pay down the deficit now for future savings and that your own report says that there's a sense of urgency and people's lives are at stake? There's the question: Where do we find that fine balance and what would your recommendation be and first steps, given you have a flair for what we've heard so far across the province?

Archbishop Colin Johnson: While I trained initially as an economist, I haven't done that for a long time, but I also live with budgeting and trying to develop budgets for the diocese, or at least to live within the constraints of a diocese, which relies entirely on people giving money to it. I can't tax people.

It's a matter of priorities. For instance, recently, the full-day learning centres suddenly became—I shouldn't say "suddenly became"; I support the priority. They became a priority, and funding was found. Hydro rate cuts cost \$1 billion. I like hydro rates being cut because it affects me, but I would forgo that in order to pay a supplement to the poor. I don't need that. I have enough disposable income that I can afford that. I can afford an increase. A lot of people can't afford any increase whatsoever and live below the poverty line. Where are your priorities? That's the key thing.

Loving kindness is about the Hebrew word "chesed," which is about the sustained commitment to the welfare of the other, not just yourself. It's about not giving up; it's about unremitting care and compassion. I think we need to challenge people and stand up against those who want it all for themselves—not everybody does that—and say that there are lots of people who can afford to share. There was \$4 billion in corporate tax cuts that could be available.

Eight hundred million dollars given to the healthy food supplement goes a long way, because those monies get spent back in the community. They're not hoarded away; they're not put in banks. They are given to pay local merchants in local communities for food that stays in that community, and they help people become healthier and more productive. When you don't eat, you

don't learn and you don't work. My wife is a teacher. Kids who come to school hungry do not learn.

The Chair (Mr. Pat Hoy): Thank you for your submission this morning.

Archbishop Colin Johnson: Thank you very much.

The Chair (Mr. Pat Hoy): Now we are recessed until 1 p.m. this afternoon.

The committee recessed from 1156 to 1303.

CANADIAN CANCER SOCIETY

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order for our afternoon hearings.

I call upon the Canadian Cancer Society to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. In this round, the questioning will come from the official opposition. If you'd just state your names, you can begin.

Mr. Martin Kabat: Good afternoon, ladies and gentlemen. I'm Martin Kabat, the CEO of the Canadian Cancer Society, Ontario division. Joining me today is Donna Czukar, the acting senior director of public affairs.

I would like to begin by thanking you for the opportunity to speak today about the society's recommendations for the government of Ontario's 2011 budget. The adoption of these recommendations by the government of Ontario will move Ontario closer to being the healthiest province in Canada.

Over the years, the government has taken some positive steps towards reducing cancer incidence and improving treatment options. Laws, including the Smoke-Free Ontario Act and the Cosmetic Pesticides Ban Act, are impressive examples of the government's ability to fight cancer proactively. Outcomes are improving, but the need is still great. In 2010, some 65,100 Ontarians were diagnosed with cancer and 28,200 died from cancer.

As noted by Cancer Care Ontario in its recently released Ontario cancer plan, over the next 10 years Ontario will see an unprecedented rise in the number of people with cancer, largely due to an aging and growing population. It is estimated that 44% of men and 39% of women will develop cancer. This is of serious concern, as Ontario currently spends approximately \$2 billion a year on cancer care. In Ontario, the indirect costs associated with cancer, such as loss of productivity, are approximately \$5 billion per year.

As the Cancer Care Ontario plan points out, these losses will increase in the coming years as the incidence of cancer increases, unless the government continues its investment in cancer services and in prevention initiatives. In line with this emphasis on prevention, our comments today will focus on two significant cancer prevention priorities: tobacco control and indoor tanning. But I encourage you to review all the recommendations in our pre-budget submission.

The health risks associated with tobacco use remain a high priority for the society. Tobacco use is one of the largest known contributors to cancer and is the leading cause of preventable death and disease in Ontario. It is responsible for 30% of all cancer deaths and 85% of lung cancer deaths. In Ontario, this represents 13,000 deaths per year.

While the government has been strong in its response to tobacco through the introduction of the Smoke-Free Ontario Act, the significant increase in the prevalence of tobacco contraband is putting much of our tobacco control efforts and advancements at risk. Contraband tobacco refers to cheap, illegal cigarettes sold without applicable taxes. The primary sources for contraband tobacco are unlicensed manufacturing facilities located on First Nations reserves, in particular the Akwesasne/St. Regis reserve that straddles the borders of Ontario, Quebec and the United States.

The contraband issue is important, not only because it costs the province millions of dollars in lost revenue, but also because it makes tobacco use more accessible to youth and discourages cessation. Price has proven to be one of the most effective ways of preventing youth from starting to smoke and encouraging smokers to quit. An increase in the price of cigarettes by only 10% will generally result in a decrease in consumption of 4% in adults and up to 8% in youth smoking. Contraband tobacco is sold in unbranded, clear plastic bags for as little as \$10 to \$15 for 200 cigarettes, one fifth of the price of a carton of cigarettes.

Recent studies show that 53% of Ontario youth who reported smoking have purchased and smoked contraband cigarettes. That's 60,000 students in Ontario. Almost one in four Ontario smokers purchased contraband cigarettes. It is important to mention that taxation is not the cause of contraband. Ontario and Quebec have the worst contraband problem and some of the lowest taxes.

The society recognizes that contraband tobacco is a difficult and complex issue involving many stakeholders, including First Nations. For this reason, we are calling on the government to implement a comprehensive contraband strategy. To be clear, we need to address both those who manufacture these products and those who buy them, and we have to do it now. We can take two steps immediately: prohibit the supply of raw materials to unlicensed manufacturers, and empower the thousands of municipal police officers in communities across Ontario to seize contraband and issue fines on the spot in the same way that officers now issue speeding tickets.

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These actions will require amendments to the Tobacco Tax Act and use of the Provincial Offences Act. Officials have already studied these measures. There is no reason why these measures cannot be implemented during the next session of the Legislature, which begins in 22 days. To support these actions, we need an intensive, health-focused public education campaign, something that no government at any level has undertaken and which is essential to the success of increased enforcement. There

are also a number of other important measures listed within our submission that can work. The contraband issue must be addressed immediately.

Roll-your-own cigarettes: Another way that the government can continue to fight back against tobacco and increase government revenue is to close the loophole that exists for roll-your-own tobacco. This loophole levels less than 50% of the tax applied to packaged product on the equivalent amount of roll-your-own tobacco. For example, Ontario tax on a carton of 200 cigarettes is \$29.70, whereas the equivalent for the roll-your-own is only \$14.35, a difference of \$15.35, or \$11 million.

The Chair (Mr. Pat Hoy): You have about two minutes left for your presentation.

Mr. Martin Kabat: Fine. Thank you. I would like to conclude our comments now about tobacco. Tobacco is not done. We must continue to work together to address this major issue.

I will now turn it over to Donna Czukar to address indoor tanning.

Ms. Donna Czukar: Thank you. The second key area for the society is indoor tanning. For more than four years, the society has been advocating to the government of Ontario to restrict the use of indoor tanning equipment for youth under 18 years of age.

We know much about the dangers of tanning and its impact on Ontario youth. The International Agency for Research on Cancer confirmed that there's a definitive link between tanning bed usage and melanoma skin cancer. We know that using tanning beds before the age of 35 increases a person's risk of developing melanoma by 75%. Approximately 50,000 youth in Ontario have admitted to using tanning beds. We know that tanning salons are not adhering to Health Canada's voluntary guidelines.

We also know that there is an economic burden related to skin cancer. In 2005, the national sun safety committee of the Canadian Strategy for Cancer Control estimated that the economic impact of skin cancer in Canada is at least \$55 million to \$60 million every year. And in 2010, the Canadian Partnership Against Cancer estimated that the total economic burden of skin cancer in Canada would rise to \$922 million annually by the year 2031. With melanoma skin cancer being one of the most common forms of cancer for youth between the ages of 15 to 29, the government must take action immediately.

The Canadian Cancer Society is calling on the government of Ontario, through active legislation, to prohibit the use of indoor tanning equipment by youth under the age of 18; to maintain a registry or licensing system of indoor tanning equipment in Ontario, with fees put toward enforcement; to restrict indoor tanning promotions and marketing targeted toward youth; and to ensure that the risks associated with UVR-emitting devices are displayed prominently and in clear view of all clients at indoor tanning facilities.

Implementation of measures to protect youth from the dangers of tanning doesn't have to be expensive. Fees

collected by a licensing system could offset the costs of an effective enforcement strategy.

Ontario's falling behind other jurisdictions when it comes to action on this issue. In December 2010, Nova Scotia passed the Tanning Beds Act, and in January 2011, Victoria, BC, passed a bylaw banning individuals under the age of 18 from using indoor tanning beds. Scotland, Germany and most of the Australian states have also passed legislation. The government of Ontario has the information that it needs to act, and we call on the government to regulate Ontario's tanning industry immediately.

Those are our comments on tobacco control and on indoor tanning. Dr. Kabat and I would like to thank you for your time and consideration given to our recommendations. We look forward to enhancing our partnership with the government of Ontario in the fight against cancer, and we're happy to answer any questions that you might have. Thank you.

The Chair (Mr. Pat Hoy): Thank you. The questioning will come from the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you very much for your presentation today. I guess I'll start with your number one issue: contraband tobacco. It seems like the government has their head in the sand, I guess you'd say, if they don't address contraband tobacco in looking at smoking, if you're trying to be effective in terms of reducing smoking. As you point out, first, 50% of the cigarettes that are being smoked out there are these contraband cigarettes that are beyond the control of all the various health programs—or really any control. I think you make a good point that it's an issue that has to be addressed for some very valid reasons: health and trying to get people to stop smoking being number one, and some control over it, but also the lost revenue. We've had other groups say that there are \$500 million to \$1 billion in tax revenue lost to the government. I also understand that there's organized crime involved in this.

If you could expand a bit on a couple of suggestions you were making. You said to empower municipal police officers so they can be more involved in control, and also I think you said to license the manufacturers so that can be controlled—I guess the raw materials is what you're getting at.

Mr. Martin Kabat: Yes. To address the latter point first, a very simple step but a very effective one would simply be to prevent materials like the filters and the paper from going to unlicensed manufacturers. If you do that, they won't be able to make the cigarettes.

Mr. Norm Miller: Do other jurisdictions that are more successful do that? If Ontario is pretty much the worst for contraband tobacco, do BC or other jurisdictions license their manufacturers?

Mr. Martin Kabat: Some do; some don't. There is a variety of initiatives in other provinces. The problem is that Ontario and Quebec are really the ones that have this to such an enormous degree—that bad. It really makes a difference.

On the other point you made, I think this suggestion that we empower the police is not one that only comes from us; it comes from the police as well. It's extremely frustrating. You can imagine a police officer pulling a car over for driving at 150 kilometres an hour and then saying, "I'm sorry; I don't have the authority to do anything about it. I'll have to get back to you." That's basically what happens today. The police can find contraband cigarettes, but they're not allowed to confiscate them.

Mr. Norm Miller: You said "municipal police forces." Is that true for the OPP as well?

Mr. Martin Kabat: Yes, OPP and RCMP, I believe.

Ms. Donna Czukar: Yes, they have to bring in the RCMP or the revenue department to be able to levy any kind of fine.

Mr. Martin Kabat: So there is a bureaucratic problem that could be addressed quite simply and would give the police effective powers to begin a process of preventing the spread of contraband tobacco.

Mr. Norm Miller: On the indoor tanning issue, are there studies that show that it causes cancer for youth more so than older people, or is it just bad for everybody?

Ms. Donna Czukar: It's just that it's cumulative. First of all, it is worse for youthful skin, but also the damage is cumulative. If it were banned at an early age, it would do so much in terms of prevention.

Mr. Norm Miller: What kind of rates of melanoma are there out there? How big a problem is this?

Ms. Donna Czukar: It's hard to get a handle exactly on the rates because of the way that the incidences are counted. Certainly, the numbers of skin cancers outweigh so many other cancers. It's a very high number, and it's just very damaging.

Mr. Martin Kabat: We should just add that the UV rays coming from indoor tanning are now considered a class 1 carcinogen, which puts it right up with tobacco—the same—in terms of its toxicity.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

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ELEMENTARY TEACHERS' FEDERATION OF ONTARIO

The Chair (Mr. Pat Hoy): Now I'd ask the Elementary Teachers' Federation of Ontario to come forward, please. As you've heard, you have up to 10 minutes for your presentation. There could be five minutes of questioning. In this case, it will come from the NDP and Mr. Tabuns. I'd just ask you to identify yourself for the purposes of our recording Hansard.

Mr. Sam Hammond: I'd be happy to do that. I'm Sam Hammond. I'm the president of the Elementary Teachers' Federation of Ontario. On my left is vice-president Maureen Weinberger, who has our political action portfolio, and on my right is government relations staff officer Vivian McCaffrey. I appreciate the oppor-

tunity to be here and to try and enhance my speed-reading skills once again this year.

ETFO represents over 76,000 teachers, designated early childhood educators and education support personnel. We appreciate the opportunity, as I've said, to participate in these very important pre-budget consultations.

Ontario has a very strong public school system, and we commend the government, as I have a number of times, for continuing to increase funding for education in the context of declining enrolment and the challenges related to a fragile economic recovery.

In the fall, ETFO launched an election platform entitled Building Better Schools. The ETFO platform identifies areas where the government could achieve expenditure efficiencies and where additional resources should be allocated to ensure that elementary schools provide a more balanced education, necessary for all students to succeed.

The fall economic statement indicated that there will be no funding for incremental compensation increases for the first two years of future collective agreements in the public sector. This policy is problematic on a number of accounts. It suggests that public sector workers aren't affected by economic downturns and that they should be singled out for public expenditure efficiencies. This ignores the fact that public sector salaries tend to lag behind economic changes and that there will be a natural downward pressure on public sector negotiations without government intervention. Public sector salaries may have increased at a faster rate than private sector salaries since 2003, but public sector salary increases lagged behind increases in the private sector between 1993 and 2001.

We can anticipate a similar trend as we look ahead. The most recent federal statistics indicate that Ontario wage adjustments slowly decreased throughout 2009. By the last quarter of 2009, wage adjustments were averaging 1.9%.

Economic recovery depends on consumer spending. Taking money out of the pockets of public sector workers is counterproductive. It also flies in the face of market forces that will likely see a return to the cycle where private sector agreements once again surpass those in the public sector.

The government's expectations for a two-year salary freeze are particularly problematic for ETFO members, who were forced to accept a four-year provincial framework agreement, expiring in August 2012, that has them receiving 2% less than their counterparts employed in the Catholic and French-language school systems. This is a pay equity issue for our members which must be corrected in the next round of bargaining.

The federation is also lobbying the Ministry of Education to amend the education grants so the amount that boards receive for occasional teacher compensation better reflects their qualifications and experience.

The government has made student achievement in literacy and numeracy a priority. This focus has, without question, led to our schools being overtaken by data col-

lection initiatives that leave teachers with insufficient time to teach all areas of the curriculum.

The Education Quality and Accountability Office, which administers the grade 3 and grade 6 provincial tests, has a \$33-million budget. The Ministry of Education spends approximately \$78 million on the literacy and numeracy secretariat. It spends a further \$14.1 million on other operational items, including 80 student achievement officers who duplicate, for the most part, the work of school board consultants.

There is a plethora of other ministry-driven and board-sponsored literacy and numeracy initiatives for which it is difficult to calculate the overall expenditure.

Since our brief was written, ETFO has been pleased to learn that the government is taking action to research the extent of the various initiatives. We are optimistic that this will lead to a reduction in the extent of the assessments and data collection.

ETFO believes the funding for the EQAO-related initiatives would be much better spent on strategies and programs that focus on engaging students and giving teachers more time to spend with individual students, to do what they do best: teach. This means increasing the number of specialist teachers in the arts, guidance, design and technology, and physical education, as well as teacher-librarians, who can contribute more to a school's focus on literacy than the myriad of data-related initiatives imposed on our schools. It also means reducing class sizes in grades 4 to 8 and in the new full-day kindergarten programs. Class sizes in these grades are the highest among elementary and secondary grades. Primary grades are funded for a class size of 20, and secondary grades are funded to support a class size average of 22 students. Grades 4 to 8 are funded to support a class size average of 25, but in reality many grade 4 to 8 classes have more than 30 students.

Ontario is leading the way within Canada in terms of early childhood education. If supported with the necessary resources, the early learning program will play a key role in improving long-term student success and well-being. It will contribute to significant long-term savings through reduced academic and social interventions in higher grades.

The new program is based on a well-researched play-based curriculum, but the number of students in the class and the physical space of many of these classrooms being used do not support the activity-based learning that forms the basis of the program.

As Ontario moves forward to fully phase in this important program, it will need to bring class size in line with other primary grades and provide the capital for building new classrooms that accommodate the activity-based program. The funding also needs to support higher salaries for the designated early childhood educators in order to reflect their qualifications and expertise.

The recent transfer of responsibility for child care programs from the Ministry of Children and Youth Services to the Ministry of Education opens the door to better integration of children's services and education.

ETFO regrets the recent government decision to amend legislation that mandates school boards to provide extended day programs for children enrolled in the early learning program. The federation believes that school board provision of extended day programs is essential to maximizing the potential benefits of the program and should not be left to third party providers.

Following the 2007 provincial election, the government committed to adopting an anti-poverty agenda aimed at reducing the incidence of poverty by 25% over a five-year period. The provincial government has established a welcome review of social assistance, but families currently living in poverty need immediate interventions and an indication of a broader policy response. ETFO fully supports the call on the part of anti-poverty activists for a long-term affordable housing strategy, including a monthly housing benefit for low-income tenants.

In conclusion, ETFO encourages the government to stay the course in the 2011 provincial budget, in terms of a willingness to reduce the deficit at a slower pace in the interests of sustaining an investment in key public services, such as health and education, and programs that cushion the worst effects of a fragile economy on low-income and unemployed Ontarians. Investing in a strong and vibrant public education system remains central to achieving longer-term economic growth and stability.

The government should shift some of its educational spending from the intense focus on student assessment initiatives to core programs, including smaller class sizes, specialist teachers and teacher-librarians, and the new early learning program.

I'd be pleased to answer any of your questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Sam, thank you very much for that presentation, and thanks for being here this afternoon.

The impact of class sizes in elementary school, grades 4 to 8: I haven't seen the statistics presented that way. I've certainly heard teachers in my community talk about it. Could you talk a bit about the impact of the size of those classes on the kids and on the teachers?

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Mr. Sam Hammond: I'd be happy to. As I said, the average is about 25, but the reality is that those classes in many boards are anywhere between 30 and 40 students. At the beginning of the year, before readjustments, I actually talked to a grade 8 teacher in Hamilton who had 41 students in their class; that has since dropped to the mid-30s.

The impact on teachers is obvious. If you go above, for example, the 22 to 1 you have in secondary, the amount of time and attention those individual classroom teachers can spend with individual students in those classrooms, because of those higher class sizes, is substantially reduced. The people who lose out from that are the students in that classroom who need that additional attention. When you don't have the specialist teachers or the teacher-librarians etc. to take up some of that slack, if

you will, or to give that focus, at the end of the day, it's those students, regardless of the numbers, who suffer from the inability of that classroom teacher to manage that additional time they need with individual students.

Mr. Peter Tabuns: You talked as well about specialist teachers—phys ed, music, teacher-librarians. My understanding is that in a lot of boards, money has been moved, in order to make budgets balance, away from those specialists into general teaching. How large is that deficit in specialist teachers at this point? Can you quantify it?

Mr. Sam Hammond: As a physical education teacher, there are two that I will focus on: physical and health education, which are absolutely so important to our youth from kindergarten right through to grade 12 and beyond. There should be, and there is not at this point—I don't have exact statistics, but I would argue and we have argued that there should be in every school across this province a specialist physical education teacher who knows what they're doing to develop those sequential learning plans and sequential learning steps within that physical education and health program. And next, I would say the same about teacher-librarians. We need a teacher-librarian, quite frankly, as I said in the submission, in every elementary school in this province, if possible.

That will take us a long way in those schools on a daily basis supporting student achievement and increasing student achievement scores or whatever that looks like across this province.

Mr. Peter Tabuns: Last question, because you touched on the anti-poverty agenda: What impact is poverty having on your classrooms?

Mr. Sam Hammond: It has a devastating effect on our classrooms, on our schools, on our communities and, more importantly, on the students in those classrooms and their families, but specifically the students. Certainly, as we all know, it doesn't happen in every school, but there are very clearly pockets throughout the province in every board that are low socio-economic areas within those boards.

A lot of those students are coming to school, in many cases, without breakfast, without the proper health attention, personal hygiene attention that they need, the supports they need at home. All of those specialist teachers and guidance counsellors and things that we talk about in our submission would go a long way to supporting those students on the ground in their classrooms.

That lack of attention and the position of those students in those low socio-economic areas, if unattended, does nothing but add to the cost down the road, as I have said, to support those students throughout their school years, particularly in their adolescent and high school years.

Mr. Peter Tabuns: Thank you very much. I appreciate the answers.

Mr. Sam Hammond: Thanks.

The Chair (Mr. Pat Hoy): And thank you.

ONTARIO COALITION FOR BETTER CHILD CARE

The Chair (Mr. Pat Hoy): Now I'd ask the Ontario Coalition for Better Child Care to come forward, please. Good afternoon.

Ms. Andrea Calver: Hello. How are you?

The Chair (Mr. Pat Hoy): Very well, thank you. You have 10 minutes for your presentation. There could be up to five minutes of questioning, which will come from the government in this round. Just state your name, and you can begin.

Ms. Andrea Calver: Okay, thank you. My name is Andrea Calver. I'm the coordinator of the Ontario Coalition for Better Child Care. I want to thank you for having us here today.

The Ontario Coalition for Better Child Care is Ontario's advocacy group for early learning and child care programs all across Ontario. Our goal is a universal, affordable, high-quality system of early learning and child care for all children and all families.

Child care programs have been historically underfunded. We are the poor cousins of other vital services like health and education. As an example, municipalities who deliver child care services have not seen that funding adjusted for inflation in 15 years. So every year in our sector we're asked to do more with less. And it's an excellent question to ask, "Well, just how have early learning and child care programs managed to survive?"

Our child care system depends on full-fee-paying parents. Child care subsidies provided by the government are available to families who can't afford the high cost of child care, but they only match what full-fee-paying parents are paying, and most parents are paying \$40 to \$60 a day—or \$10,000 to \$15,000 a year—per child. So parents have reached the breaking point of what they can afford to pay for child care services. Because of underfunding, we have kept our centres open by ever increasing those parent fees and by paying low wages to the incredibly hard-working staff who work in this sector.

So every year we're here at this committee to tell your committee how important it is to provide adequate funding for early learning and child care programs. But we're also here to tell you this year that Ontario's early learning program threatens to make the financial crisis facing early learning and child care programs even worse.

In 2012, half of Ontario's children will be in full-day learning, and child care programs will be transitioning to provide care and education for younger children, from infants to four years old. Younger children require higher staff ratios. Many child care centres looking to specialize in younger children are projecting further fee increases of between 15% and 30%, and parents simply can't afford that.

The other side of the coin is that Ontario has a shortage of registered early childhood educators, not because we don't graduate enough from our community colleges, but because 41% of early childhood educators are work-

ing in other fields. Without qualified staff, a child care centre is just a building.

The future of child care depends on attracting and retaining staff to work in child care, so in November, we met with the early learning division to discuss our plan for stabilizing child care. We propose a new direct grant to limit fee increases, and we propose a new direct grant to raise the wages and stabilize our child care sector. The full details are available in our submission, and I'm happy to tell you that we have fully costed the program. But without this stabilization, fees will rise dramatically, and some child care centres will no longer be viable and will have to close.

Now, we do acknowledge the stabilization funding announced last year by the government. That funding is over five years. Over five years, funding will grow to \$51 million for additional fee subsidies and to \$12 million for one-time capital funding. That funding will address vacancies in child care centres and small capital projects, but it will do nothing to limit fee increases to parents or to raise wages of staff. So we are calling for \$300 million over two years to stabilize the early learning and child care system, with \$100 million in the 2011 and an additional \$200 million in the 2012 budget.

Ontario would not be the first province to implement direct grants for limiting parent fees and for raising wages. Both Quebec and Manitoba have direct funding to child care centres that have lowered the fees and have raised the wages, and that has resulted in affordable, high-quality care, in a reduction of child and family poverty, and in increased test scores for children in school, increased workforce participation for parents, and higher tax revenues for the government.

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Early learning and child care is a vital service. Research has shown us that the early years are critical for brain development, as well as social and emotional development of children; early learning and child care is vital for families who depend on these programs in order to go to work or go to school; and early learning and child care is also fundamental for our communities and our economy.

Our communities need child care, and we can't afford to lose it.

With that, I'd welcome any questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Andrea, for that presentation. There's a lot in here, and I'm trying to ingest it quickly.

A couple of questions, if you don't mind. You know, it's wonderful that you're back-to-back with the last presentation. The two are quite a juxtaposition, and I think highlight the fine balance that the government is trying to find, because we hear you and we heard the presentation before you as well, in terms of service delivery and who should be delivering that service.

I just want to make sure that I have this correct for the committee. The ask today that you've come to finance committee with is for \$100 million in this budget, 2011?

Ms. Andrea Calver: Yes.

Ms. Leeanna Pendergast: And \$200 million in 2012?

Ms. Andrea Calver: Correct.

Ms. Leeanna Pendergast: And I read somewhere where you repeated that you want that to be sustainable, repeated—so you want \$300 million every two years?

Ms. Andrea Calver: The major impacts from early learning will actually hit in 2012 when half of the children are in the full-day learning program, and we recognize that. That's why we see a two-year commitment as a very good step, because municipalities and child care centres need time to plan. In fact, next year's budget is late to be able to make adjustments in order to accommodate the changing reality of early learning.

Our coalition, and the early learning and child care sector, has done absolutely everything we can to support the province's early learning program. We think it's terrific that four- and five-year-olds will have a full day in the schools. We were very shocked and disappointed when the government made the decision to allow child care programs to operate the after-school programs, in part because the sustaining of child care—there was money to be saved there, and that money was to be directed to younger children.

We've done everything we can to support the government's initiatives, but we costed what it would cost to stabilize child care, and it's \$300 million. We recognize that not all those costs are in this year, but that's what it would cost to limit the parent fee increases and increase the wages of staff. We can absolutely accept that in early learning and child care, we're going to be specializing in younger children. We can accept that, but along with that needs to come adequate funding to be able to do a good job.

Ms. Leeanna Pendergast: So I found it on page 4: "Commit to \$300 million in new permanent provincial spending."

Ms. Andrea Calver: Correct. Now, we can accept that down the road, if child and family centres are ever to be, that that would have an impact, but if child care is to play a role as the centre for a child and family centre, we have to survive to be there, to play a role, in whatever transitions there are in our sector. This funding of \$300 million stabilizes child care, and it ensures that when the government develops new plans for early learning and child care, our programs are still stable, viable, and they still exist to be part of a transformation.

We recognize there are enormous problems with the early learning and child care system, but our biggest problem is that we face the grim reality that over the next few years, without limits to parent fee increases or additional money for wages, we will actually see child care centres close. Licensed child care only serves 20% of the children in Ontario, and we cannot afford to lose a single space. This is the amount of money needed to be spent to

keep our programs open, viable and around in order to be part of a transformation.

Ms. Leeanna Pendergast: Excellent answer; thank you.

Just a point of clarification on page 2: "Federal statistics show that 41% of trained early childhood educators are currently working in other fields." That's a federal statistic. Is that across Canada?

Ms. Andrea Calver: It is a federal statistic but I believe it's actually for Ontario. It is absolutely what we know in child care. Nobody goes into early learning and child care for the money, but at some point staff simply have to provide for their own families. Average wages in this sector are \$14 an hour. Our stabilization plan sees a very doable way that we can raise the wages of most registered early childhood educators to \$19 an hour. That is what's needed to be able to provide the staffing.

It's not that ECEs aren't out there; it's that they're working in retail; they're working in other organizations. We need to bring them back. Without staff, a child care centre is just a building. Many programs spend 80% of their money on staff. That money really needs to be there so we have the quality staff to provide the programs.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Andrea Calver: Great; thank you.

ONTARIO FEDERATION OF LABOUR

The Chair (Mr. Pat Hoy): Now I call on the Ontario Federation of Labour to come forward, please. Good afternoon. You have up to 10 minutes for your presentation. There could be five minutes of questioning; in this round, it will come from the official opposition. I'd just ask you to state your name for our recording Hansard.

Mr. Sid Ryan: Okay. Thank you very much for the opportunity to come and make a presentation. My name is Sid Ryan. I'm the president of the Ontario Federation of Labour. With me is Chris Schenk, the past director of research for the Ontario Federation of Labour, who helped us prepare our brief here today.

We've provided you with copies of our brief. At the beginning of that you'll see, in the introduction, basically the seven areas that we're looking at with some recommendations, so if I could sort of quickly go through it.

Of course, one of the key areas that we're concerned about in the Ontario Federation of Labour is the economy and resulting employment loss. As you'll note from the figure on page 5, you can see that we're still 25% below the jobs that we had prior to the recession. So yes, we've recovered 75% of the jobs but we've still got a 25% loss.

Many of the jobs that are replacing the pre-recession-type jobs are in fact part-time. They're what we refer to as precarious work. These are folks who may work in the hotel industry, may work in the service industry primarily. As I say, their jobs are not in the same category as the ones that we've lost in the manufacturing sector. Wages are much lower, very rarely do they have pension plans, and in most cases they've got very few, if any, benefits at

all. They're not the types of jobs you can build an economy on. They're not the kind of jobs you can certainly raise a family on and put children through university.

This is a whole new shifting of the economy. What we're proposing is that we take a look at a pan-Canadian massive investment in infrastructure along the lines that the Canadian Labour Congress is calling for. These would be jobs in the new green industries and massive investment in basic municipal infrastructure: roads, sewers, health and educational facilities, mass transit, passenger rail, affordable housing, energy conservation through building retrofits, and renewable energy. Right now is a good time to be doing it because 10-year bonds are running at about 3%. So if we're going to invest in this type of program, now is the time to be doing it.

1350

At the same time, we've noticed that a lot of our companies—we've got foreign nationals moving in to Canada and buying up a lot of the industries. For example, on the weekend we had a massive demonstration down in Hamilton around the purchase of the old Stelco by US Steel. Granted, this is a federal government issue in terms of the Canada Investment Act, but we do think that the Ontario government has a role to play because we do know that you put some money up front into the pension plans to enable US Steel to purchase the old Stelco. The concern we've got is that there are no proper guarantees that there will in fact be a net Canadian benefit, which is what the Investment Canada Act talks about.

Unfortunately, the corporation in this particular case, US Steel, reneged on the deal within six or eight months of signing the document. We had originally 3,100 employees down at the new US Steel. Within a matter of months, 2,200 of them were laid off, and the remaining 900 were pushed out on strike—not even on strike: pushed into a lockout.

What we're asking of the Ontario government is to put some pressure on the federal government to take a look at reforming the investment act such that "net Canadian benefit" actually has to mean some form of benefit to workers, whether it be job security—in this particular deal, it was meant to be a three-year deal; they reneged on it—but also with respect to the preservation of pensions and the preservation of benefits. That, we feel, is really, really important as we move forward in this new economy.

In terms of poverty reduction, the government made a commitment a number of years ago that by the year 2013 we would see a massive reduction in poverty or the elimination of it in 25 in 5, and we're not seeing that. We're two and a half years now into that program, and we've yet to see the promise being fulfilled. While, obviously, we support the 25 in 5 concept, the operationalization of that has not taken place in such a way that we're seeing a significant reduction in poverty. We would like to see, obviously, the government fulfilling their promise in that area.

We'd also like to take a look at the recently established social assistance review. We want that to proceed

in a timely manner, and that a special diet allowance be protected and improved for vulnerable people.

Also, let's take a look at the minimum wage such that it never falls below the LICO, low-income cut-off, and is increased annually to reflect the cost of living.

We note in our presentation that 12.5% of children in this province are living in poverty. All told, we're looking at 1.6 million Ontarians. That's a pretty shameful figure, actually, in a country like Canada and a province like ours.

Moving into the future, we're looking at the new jobs of the future. In fact, if you're looking at a middle-class job—and I don't particularly like that expression—you basically need a post-secondary education, college or university, just to be able to make it into the so-called middle class. Consequently, the affordability of post-secondary education becomes a huge issue for families of modest means. Therefore, we would like to see the implementation of a tuition freeze. We know that it's 24% more expensive in Ontario than most other provinces in this country in terms of affordability of post-secondary education. That gap has got to be closed to be able to open up post-secondary education to more families, particularly now that we know that grade 12 just does not cut it anymore in terms of getting a decent-paying job. Let's give these young people an opportunity to be able to participate in the new economy that we hope to develop over the next number of years.

There's a whole series of recommendations, but given my time constraints here, I'm not going to go through all the recommendations. If you follow the report, you'll see that we've got at least 13 recommendations in that area that we'd like to see.

This is an area that you may wonder why it's here in terms of the budget submissions, but on page 10, we made reference to protracted strikes. We're seeing a proliferation in Ontario of very long strikes, even though the number of collective agreements remains pretty well the same. Ninety-eight per cent of all collective agreements—and we're talking about thousands of collective agreements—are signed every year without having to enter into any form of strike situation. The few that remain are having a huge impact on the economy. The strikes are lasting way longer than they've done in the past. Anybody here from the Sudbury area will know that the Vale Inco strike went on for a little over a year. It had a real impact on the Sudbury region and surrounding areas. We know there's a strike right now in Brantford that has gone on for almost two and a half years. The one I talked about on the weekend in Hamilton—it's a lock-out. It's into its third month already, and it is expected to last a very long time. So we're asking for some kind of protection here.

One of the issues in British Columbia and Quebec that has certainly shortened strikes is the implementation of anti-scab legislation. We had it in this province when the NDP were in government. It works exceptionally well. Certainly in BC's case, they've had right-wing governments there for a number of years now. They don't go

near that piece of legislation because it's working. We would like to see this government take a serious look at the implementation of anti-scab legislation in order to reduce the length of these strikes and the number of strikes that we're having in the province.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Sid Ryan: Okay, then.

I'd be remiss if I didn't talk about pensions. Yes, I appreciate the fact that the Legislature has approved a motion that says we will expand the Canada pension plan. I cannot emphasize the importance enough. The Tories at the federal level have reneged on that agreement. It's hugely popular with Canadians. Where we polled, 85% are saying that they definitely want to see an expansion of the CPP. Unfortunately, Tory Mr. Flaherty reneged; he betrayed workers in this province. He turned around by saying that what we'll do instead is come up with some sort of a glorified savings plan, a pooling of pension resources, which will be run by the very folks who brought us the recession in the first place: the banks and the insurance companies. He's now handing that over to the banking system, and we're saying that it's completely the wrong way to go. I don't know where their provincial cousins stand. Maybe in question period they'll let me know where they stand on the question of the expansion of the Canada pension plan. I do know that the Ontario Liberal government and the NDP are in favour of this, and we'd like to hear from our Tory friends. This will become a federal election issue, and I dare say it will spill over into the Ontario election, because a lot of Canadians out there have been hurt badly by these savings schemes brought in by the federal Tories.

Putting your money into the stock market, we know, is like playing Russian roulette with your pension income and security. It's not something that we want to see, and I know the Canadian public doesn't want to see it.

I'll finish on that point, because I see you're getting anxious there to let the Tories at me. There's a lot of other stuff I couldn't get to here because we've only got 10 minutes, but at the end of the day, most of the issues you'll find in here go to the quality of life of Ontarians, and that's what we'd like the government to be focused on as you bring in this next budget.

The Chair (Mr. Pat Hoy): Thank you. The questioning does indeed go to the official opposition. Mr. Arnott.

Mr. Ted Arnott: Thank you for your presentation.

For many years, the Ontario Federation of Labour has participated in these pre-budget consultations. We've seen each other at these hearings through the years, and we appreciate the input that you provide to the committee as we move forward in providing our advice, in turn, to the Minister of Finance, hoping that he will listen to this committee and do the right thing with the upcoming provincial budget.

You focused extensively on the situation with respect to jobs. You pointed out that the jobs that have been lost as a result of the recession have not yet been replaced. As

a partial solution, you recommend a public investment program, which has also been called for by the CLC, you say here. You would invest in “basic municipal infrastructure, roads, sewers, health and educational facilities, mass transit, passenger rail, affordable housing, energy conservation through building retrofits, and renewable energy.”

When we entered into the economic downturn, I certainly put forward my best advice to the government and suggested that infrastructure investments would be a good use of the taxpayers’ money at that time and that we should focus particularly on investments that would enhance our economic competitiveness over the long run, as well as investments which would enhance and protect our environment going forward.

In my riding, I also have a significant number of constituents who are concerned about hospital projects. You mentioned health care specifically. The provincial government is expected to spend \$2 billion this year on the capital hospital projects, and I’m told that \$40 million of that \$2 billion will be spent on what they call small capital projects, hospital projects of a value of less than \$10 million. At the same time, I understand that there’s a backlog of about \$400 million worth of requests for funding under this program, so what they spend is about one tenth of what the request is.

1400

Last Monday night, I attended a meeting at the town of Halton Hills where the town of Halton Hills council was asked to put in \$4.5 million towards the hospital project that the Georgetown Hospital is interested in undertaking. They’re hoping that the hospital foundation will also raise \$5 million.

So my question to you is, do you think that \$40 million is enough for small capital projects for hospitals? Do you have any more suggestions with respect to your overall recommendation with regard to health care? Would you support an expansion of that funding envelope?

Mr. Sid Ryan: Well, I’ll tell you, I’m delighted you went into health care because I didn’t get a chance to get there earlier.

First off, I believe that both the Tories and the Liberals are completely on the wrong path when it comes to the financing of our capital infrastructure with respect to hospitals. Both of you support the public-private partnership, which is nothing but a complete and total rip-off of taxpayers in this province. Clearly we’ve demonstrated time after time through freedom-of-information requests—that took us years to get through the Liberals, and we could never get them from your government—as to the actual costs of public-private partnerships. Clearly what we’re doing is siphoning off, we reckon, between 25% and 40% into pure profits for private sector corporations as the result of trying to fund our infrastructure using public-private partnerships, when in fact we should be using taxpayers’ dollars, which we can borrow at far cheaper rates. There’s no added cost of signing these contracts which go on and last for years, which always go into massive cost overruns. All we’re doing is

just feeding the pockets, if you will, of Bay Street lawyers who come up with these complicated contracts which they won’t open up to the public unless we put in freedom-of-information requests, and then we find out after the fact that literally hundreds of millions of taxpayers’ dollars have been wasted.

Peel region is a perfect example. Roughly \$500 million in over costs it cost the taxpayers as a result of using this scheme that you’re talking about, public-private partnerships.

Mr. Ted Arnott: You brought that up.

Mr. Sid Ryan: I am bringing it up, but you raised capital infrastructure investments, and this is exactly what that fund is about: It’s about public-private partnerships. It’s a rip-off of taxpayers. You should be shame-faced sitting there asking us, will we put more money into the pockets of the private sector, when we should be looking at public investment, the way we’ve always built hospitals in this province, the way we’ve always built infrastructure in this province. So that’s the way forward if you want to save money by all means. Then you might have more money for the envelope that you’re talking about.

Forty million dollars clearly is not enough for small capital projects—

Mr. Ted Arnott: Thank you.

Mr. Sid Ryan: —but the mechanism that you’re trying to use to get money into the system is completely wrong. I’d ask both of the parties, the Liberals and the Conservatives, to go back and rethink. If you’re really serious about saving taxpayers’ money, stop ripping them off with these public-private partnerships and come up and be open and be honest. Auditors General in Canada and Ontario, in most provinces and in the UK, have all condemned the use of public-private partnerships as a means of funding public infrastructure. So I’d ask both of you, please, back off and let’s get into public investment in publicly run public facilities in this province.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Sid Ryan: Thanks very much. Thanks for that question, by the way.

ONTARIO HEALTH COALITION

The Chair (Mr. Pat Hoy): Now I call on the Ontario Health Coalition to come forward, please. Good afternoon. You have 10 minutes for your presentation. The questioning in this round will come from the NDP and Mr. Tabuns. I just ask you to identify yourself for our Hansard.

Ms. Natalie Mehra: Thank you. My name is Natalie Mehra. I’m the director of the Ontario Health Coalition. I want to thank the committee for this opportunity to present to you today. I know that this committee has heard from health coalitions across Ontario so I will try not to repeat too much of what they have already presented to you.

I want to highlight a few of the key points that we've been trying to raise across the province and put a human face on the impacts of the policy choices that are being made, as well as perhaps give a few more details about our key recommendations.

The first point that we wanted to raise across Ontario, and I think the crucial point, leading as we are into an election year provincially, is that health care spending is not unsustainable. To the extent that the government has attached itself to the TD Economics report calling health spending the "Pac Man" that ate the budget and other over-the-top rhetoric about health care unsustainability, we want to strongly take issue with this and encourage you to switch directions in public rhetoric around health care spending. In fact, the evidence is very clear that health care spending is not unsustainable. In fact, eminent economist Robert Evans in British Columbia I think put it best when he said that health care is as sustainable as we choose to make it to be. That approach is much more in keeping with the long-standing values and priorities of our communities and of the province of Ontario and, certainly, of the governing party.

I've included in our submission a fairly thorough critique of the TD Economics report. I won't go into it in much detail, except to say that the prescriptions of the TD Economics report are in fact quite dangerous for the public health system. What they propose is experimenting with two-tier health care—private, for-profit clinics. While at the same time moving away from fee-for-service funding for physicians, they propose moving towards fee-for-service funding for hospitals. Among a bunch of rather innocuous recommendations, they call upon the government to throw the door wide open to health care privatization, something that would be guaranteed to worsen shortages, be inflationary, deprive our local hospitals of scarce staff and resources, and increase costs, as well as increasing privatization in the health system.

At the end of the day, the TD Economics report is fundamentally incompatible with the principles of the Canada Health Act, and we are quite concerned that the government actually allowed that report to be released in the way that it was, attached by name to the Ministry of Finance. We think that that's giving credibility to an approach that is antithetical to the core election platforms, both last provincial elections, of the governing parties and the majority of Ontarians.

In terms of health care spending, separating the rhetoric from the reality is quite easy. In fact, Ontario is in the middle of the pack in terms of health care spending across the country. As a proportion of GDP, our spending on health care has actually increased only 1% from the height of the economic cycle in the mid-1980s and again in the mid-2000s. So this is not a picture of spending out of control. The best measure, of course, of our ability to sustain health care spending would be as a proportion of GDP, and if you look at those figures, it is going up. There is cause to look carefully at what we're doing, and certainly we think that there's cause to contain some of

the excessive administrative costs in the system, some of the exorbitant salaries that we're seeing come out of the health care system. But in terms of a Chicken Little type crisis, the rhetoric is over the top.

When we look at comparisons with the rest of the country, Ontario's health care spending is actually second last per capita in the country, but our private health care spending—that is, the amount that Ontarians have to spend out of pocket for health care—is actually the most in the country. So while we're showing rather poorly on public health care spending, we're showing very poorly on the amount of the private burden that citizens have to bear in health care spending. You'll see these charts under section 2 of our submission.

The reason, then, that the Ontario government can claim that health care spending is out of control or eating up a larger proportion of the provincial budget while, in fact, when compared to the rest of the country, it doesn't look like we're spending anything extraordinary at all is that the Ontario budget as a whole—all spending on programs and services—is low, and it's been historically low in Ontario. It's been low well before this government came into power, but certainly pursuing repeated rounds of tax cuts has reduced the fiscal capacity of the province. This would be the key budget trend that we would want you to look at.

1410

If you look at the charts under section 2, you can see the comparison of Ontario's spending in total programs and services compared to the rest of the country. Compared to the rest of the country, we actually are third last, after Alberta and Saskatchewan, in total public spending as a percentage of our GDP—that's the provincial GDP—and we're dead last in terms of spending on all programs and services per person. So it's easy to say that health care is 47% of the provincial budget when the pie itself is relatively small compared to other jurisdictions.

As an exercise, in the remaining chart on that page, we show what it would be like if Ontario actually pursued fiscal policies closer to those of the rest of the provinces. What if you compared Ontario's health care spending to total public spending in the rest of the country, the total average public spending on all programs and services of other provinces? If you do that, you see that Ontario's health care spending would be 38%, not 48%, of total program spending, considerably less and actually in line with where we were approximately 10 years ago when I started as Ontario Health Coalition director.

The next page shows you the cumulative impact of the tax cuts, and that really is the reason for the figures that we're seeing today. So if you combine the personal income tax cuts offset by the health premium introduced by the McGuinty government, the corporate income tax cuts, the employer health tax cuts, other tax cuts and the direct debt-carrying charges, you'll see that, even offset by the recession in 2008, we had less revenue-generating capacity by \$15 billion as of 2009-10. Had we not been in the fallout to the recession, it would be closer to \$18 billion. That is the reduced fiscal capacity—\$18 billion—

as a result of the tax cuts. That puts pressure on all programs and services, including health care, and it's why health care looks like a larger proportion of the provincial budget.

In terms of health care spending, the part of the health care system that is always put under attack first is the hospital sector. For the last three years successively, hospital spending in Ontario has been kept at less than the rate of inflation. What that has meant is very concrete hospital cuts across the province. If your income is less than the rate of inflation—these are for global budgets—what you see is ongoing hospital cuts. The fact is that Ontario is actually falling further behind the rest of the country in terms of hospital spending. We're now \$2.5 billion behind the average per capita spending of the rest of Canada.

In concrete human terms, that has meant new user fees for patients. It's meant health care privatization, despite promises not to privatize the health care system. Cuts to physiotherapy all across Ontario have meant that Ontarians now have to pay \$75 to \$100 for an initial assessment and \$50 to \$70 for each physiotherapy appointment. For a person, then, who has hip or knee surgery, that's thousands of dollars of new out-of-pocket costs as a result of the health care cuts that have happened just over the last few years. It has meant operating rooms closed in hospitals such as Ottawa's hospital for six weeks this year in order to save money. It's meant cuts—

The Chair (Mr. Pat Hoy): You have about one minute.

Ms. Natalie Mehra: Okay.

It's meant cuts to a whole host of clinics, from pain clinics to diabetes education to physiotherapy. It's meant backlogs in hospital beds. It's meant hospitals seriously over capacity, such as those in Sudbury and Ottawa.

In addition to the fact that hospital funding is shrinking as a proportion of health care spending, so too is home care funding shrinking as a percentage of health care spending. That means that at the same time as hospitals are cutting services, home care has to more sharply triage or limit who it can take on, and you'll see the chart on the last page.

Our recommendation, the one that I'd like to focus on, obviously, is to cancel the corporate tax cuts. We recommend getting a much firmer grasp on increased administrative costs in health care; I'm happy to elaborate on that. But the one that I'd like to spend my last 30 seconds focusing on is the employer health tax. According to economist Hugh Mackenzie, who just ran the numbers this week, the elimination of employer health tax loopholes, that is, the three major loopholes—payrolls under \$600,000, partnerships and self-employed people—would have generated \$1.9 billion in this current fiscal year. It's a significant tax loophole, perhaps one of the most significant in Ontario, and it could be a major step towards rebuilding the province's fiscal capacity and taking some of the pressure off of all of the public services that we provide.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Natalie, thanks very much for coming in and making that presentation. We had some of that previously, but you've filled it out quite well.

You said that you're interested in expanding on the cost of administration and CEO salaries. Would you do that now?

Ms. Natalie Mehra: Sure. I think that there are some particular areas to look at. Home care is one that I think is crucial we look at. At this point, home care funding goes through no less than four sets of separate administration before it ever reaches the front lines of care: the Ministry of Health, the LHINs, the CCACs, community care access centres, the provider agency's administration, and then finally the nurses and personal care workers who actually provide the care.

According to the Provincial Auditor's report that was released in December, 30% of CCAC home care budgets are spent on administration. That was not required prior to the introduction of competitive bidding. According to the documents from the CCACs, there are more than 1,000 provider agencies in Ontario, and that means duplicate administrations. It means that you might have home care workers driving out from two different companies to households that are right next door to each other, duplicating the travel costs etc. And all of that is required just in order to maintain enough companies in each area so that you can have this kind of farcical competition.

In truth, there really isn't competition. The market has consolidated. There are now about six corporations that run the vast majority of home care in Ontario. They write the bids all across Ontario—and they know how to win bids, and that's why they win them. So it's favoured the large for-profits and the large not-for-profits, and there really isn't competition. But at the same time, you're maintaining a massive administrative burden to provide services that are really provided by the worst-paid workers in the whole sector, and it's one of the most unstable sectors in health care.

The other is, of course, the LHINs and the combined hospital administrative costs, and the plethora of consultants' reports, and this sort of trend towards a huge technocracy in health care at the expense, really, of putting money towards front-line care.

Mr. Peter Tabuns: You quantified the cost to the home care system of a competitive bidding administration. Can you give us a similar number when it comes to LHINs and hospitals, the amount that is absorbed by a very large and apparently growing bureaucracy?

Ms. Natalie Mehra: It's hard to say, but we have anecdotes from people all across Ontario. For example, our local coalition vice-president in Lambton was the director of nursing for years at her local hospital. The size of the administration there has more than trebled from the time that she was the director of nursing. A nurse was telling me that when she started work at the London hospital, administration was one department in a building. Now it takes up an entire separate building, a whole

building of offices to do the hospital administration. The trend towards a ridiculous number of measures that have not contributed to improving patient care or increasing accessibility I think is quite problematic.

But more problematic is that the goal of health policy, the focus of health policy, is supposed to be to measure and try to meet population need for services. That's why we have a public health system. At this point, health planning is really totally divorced from trying to measure and meet population need for services. I think that we've gotten caught up in a lot of technocracy and forgotten the fundamentals.

Mr. Peter Tabuns: Could you just touch briefly as well on the impact of P3 financing for hospitals on the availability of funds for actual care?

Ms. Natalie Mehra: From the data that's been released publicly, the difference between the borrowing costs for the private sector financiers is about 100 basis points from public funding. So, depending on the size of a project and the duration, that can be absolutely huge. In the Brampton project, the provincial auditor found that the difference was 99—it was a significant sum, almost enough to build an entire hospital.

1420

Among the new slew of P3 projects, we're now seeing pretty dramatic cost increases from the inception of the projects to the substantial completion of the projects—Niagara being one that has increased from a hospital that was supposed to be under \$200 million to now more than a \$750-million project.

The latest one that we have been following has been in Oakville. We don't know the total cost of the project, but the local share, which is supposed to be 10% of the total, is \$500 million—an astonishing figure that means a local tax increase for residents. It raises a lot of questions about what the total cost of that hospital is going to be.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

ONTARIO AUTOMOBILE DEALER ASSOCIATION

The Chair (Mr. Pat Hoy): Now I'd ask the Ontario Automobile Dealer Association to come forward, please. Good afternoon. I've noted that you've been in your seat for a few moments now, so you know how it goes here. You have 10 minutes for your presentation, and there could be up to five minutes of questioning, coming from the government in this case. Simply state your name for our recording Hansard, and you can begin.

Mr. Geoff Wilkinson: Good afternoon, committee members. I apologize; my colleague was supposed to join me this afternoon, but he wasn't able to make it. His name is Mark Durant. He is the chairman of the Ontario Automobile Dealer Association. Hopefully, I won't take up the full 10 minutes in terms of my presentation.

My name is Geoff Wilkinson. I'm the executive director of the Ontario Automobile Dealer Association.

The Ontario Automobile Dealer Association, or OADA, is a not-for-profit trade association representing the interests of approximately 500 members in Ontario, from Burlington to the west, Barrie to the north and Oshawa to the east. Our members represent both import and domestic manufacturers and sell anywhere from 50 to a few thousand new cars each year and a similar amount of used cars.

I'd like to thank the government for recognizing the difference between a new automobile dealer and a used automobile dealer within the classification of dealers in the new Motor Vehicle Dealers Act regulations. New automobile dealers are different than used dealers in that they have invested millions of dollars in inventory, premises, equipment and staff. They have different foci, philosophies and values and contribute differently to their local and provincial economies.

The average new car dealer employs 43 people, so it would be fair to say our membership employs approximately 21,500 Ontarians. OADA members sell approximately 60% of the 576,000 new vehicles sold annually in Ontario, which represents revenues of approximately \$8.6 billion, which amounts to \$690 million in provincial taxes. This does not include tax revenues on used vehicle sales or on service.

Dealers are community leaders and philanthropists. As a whole, our members donate millions of dollars each year to local charities and community causes and donate countless numbers of hours volunteering on community boards and service clubs. The OADA recently partnered with the Canadian Cancer Society for members to sell daffodil pins within their dealerships in the month of April, and participating dealers will donate money for test drives during the second week of April.

I'd like to thank the government for their support of the Canadian automotive manufacturers. Although providing financial support to manufacturers was a tough decision at the time, I believe it was the right decision. I'd like to further thank the government for applying the HST to private sales of used automobiles, which helps in the fight against curbsiders in our industry.

Although sales for 2010 were up 7.9% over 2009, we're still navigating through a delicate economic time. The HST has taken some getting used to, and we're still working with members, tax experts and tax departments to verify rules. We were surprised with the definition of "large business" as including \$10 million or more in revenues. Most of our members are small businesses that happen to sell high-revenue product. This definition means our members are not able to recapture tax credits within the first five years that we otherwise would have been eligible for.

The OADA worked alongside other trade associations and stakeholders in communicating our member positions on changes to the Motor Vehicle Dealers Act regulations which were introduced in January of last year. Ontario's automobile dealers are now one of the most highly regulated industries in the nation. Consumers have

been given a very strong voice when it comes to regulating this industry.

Having said this, the OADA is supportive of the disclosure requirements outlined in the regulations. Although we may not agree with 100% of the content, the spirit of this legislation will improve the image and integrity of the industry. Similarly, we may not always see eye to eye with the Ontario Motor Vehicle Industry Council, or OMVIC, on the interpretation of specifics within the act, the regulations or the Consumer Protection Act, but we fully support the work they do investigating dealers, curbsiders and other industry stakeholders not acting honestly, legally or in good faith.

In late 2009, OMVIC introduced a new fee of \$5 per vehicle sold. This fee was brought about to assist OMVIC in increasing their staff to facilitate the broader role of the council under the new Motor Vehicle Dealers Act regulations. A tire stewardship program was also introduced in late 2009 that requires a mandatory fee per new tire. In most cases, the manufacturers have absorbed these fees and are passing them on seamlessly to dealers and to consumers.

The WSIB premiums for the service rate class for automobile dealers will be increasing 9.9% in 2011. Electricity and heating costs are expected to rise over the coming year, and many dealers that were responsibly recycling their used motor vehicle oil in regulated low-emission furnaces are unable to or afraid to do so because of a moratorium on burning recycled motor oil south of the French River, imposed on our industry in 2009.

The OADA lost approximately 30 members last year due to the tough economic climate and General Motors's cancellation of 234 Canadian franchise agreements. This number is significant, but it's not as high as we had originally thought it would have been. This is evidence of the resilience of Ontario's new automobile dealers.

Access to credit was better in the mid to later part of last year. Prior to this, the banks had tightened the availability of credit to dealers' inventory and had increased rates on inventory and property, citing a higher risk for this industry. New automobile sales are strongly tied to positive economic news, and we're looking forward to continued moderate growth for 2011 in the provincial and national economies, which will bode well for our industry.

As small businesses, new car dealers are affected by tax increases, WSIB premium increases, additional fees—be they environmental or other industry-related fees—and administrative costs for adding or changing processes to comply with programs, legislation or regulations. Although some of these things may be unavoidable, we ask that you continue to dialogue with the OADA and other stakeholders in consideration and decision-making. Our success is your success. Thank you.

The Chair (Mr. Pat Hoy): And thank you. The questioning will go to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Mr. Wilkinson, for being here today, and thank Mark on our behalf for almost being here today.

We had a busy week travelling the province last week. We heard from a lot of people all over the province, all areas of the province, and I must say that you are a unique presentation today. So I thank you for being here on behalf of your 500 or so members, you said?

Mr. Geoff Wilkinson: Yes.

Ms. Leeanna Pendergast: We don't have the information in front of us. I'll request a copy of the report, but if you can just go over some of those numbers you gave us at the beginning when you were saying that new car dealerships—probably in the province, over 21,000 people are employed; \$8.6 billion in revenue; \$690 million in taxes; donating money to charities, and working in co-operation with groups like the Canadian Cancer Society. That sure sounds like you have quite a large contribution to our communities in the province, and we thank you for that, for all the work that you do. Those are significant numbers. Sometimes we don't stop to think about the contributions that certain sectors make, so that's why it's so important that you're here today to share this information.

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Thank you for your comments about the government's contribution to the automotive manufacturers and the support. We appreciate your comments and of course your comments thanking the government for applying HST to private sales. Again, another positive impact to your sector.

I suspect the question that I'm getting to—everyone's wondering, "Where is she going with this?" As a finance committee, I heard you say a couple of things at the end there, but if you could just prioritize the one or two things that you really want this committee to hear that will impact you as a sector directly and what you do for the people in our communities. I hear you saying, "continue moderate growth," because that's tied to new car sales. I heard you talking about continuing to dialogue with you in the sector. So if you could just prioritize for us as a committee what you'd like us to take back to inform the spring budget.

Mr. Geoff Wilkinson: Sure. I think the focus on the economy is very important for us. Again, our industry is so tied to the economy in terms of that positive messaging that's out there. So whenever we hear good news about the economy in terms of job growth, in terms of a decrease in the size of the deficit, those are all very positive things for us. When consumers can look ahead to their future and see that they are going to be employed over the next number of years and don't have to worry about their employment situation, they know that they'll be getting at least a cost-of-living increase, that helps them to go out and make those bigger purchases, such as an automobile. I'd say that's definitely one area.

I think another area is around the WSIB and the premium increases there. I know that the government is working with the WSIB in terms of some of the reports that the WSIB is putting out in terms of fixing some of the challenges that are there. We do see that these type of

increases such as 9.9% are heavy burdens to small business owners such as car dealers.

The other part, around fees and around the types of things that we saw such as the OMVIC fee, is that those types of fees as well impact small businesses. Even if they are passed on to the consumer, the consumer still sees those and understands that those are an additional cost to purchasing a new vehicle. So I would say that those types of fees are very important in terms of the perception of the consumer, not only to the car dealership but also to government.

Ms. Leeanna Pendergast: Excellent; thank you. I hear you focusing on jobs as well, which is a priority of this government. You talk about the small business aspect. Can you just briefly comment on how the government's tax package has allowed for small business with the business inputs—how it has allowed you as a small business to move forward?

Mr. Geoff Wilkinson: I can't really comment myself personally in terms of what those tax measures have meant to our dealers early on in the process, but they are very important because, again, these are small businessmen. Things like even the availability of having employees and the right types of skilled workers are very important to dealers simply because, in terms of the technicians that are required, they need to be trained; they need to be experts within their area. It's more than just being a mechanic now; there are all the computer skills that are required of those things as well. I think the training aspect of what the government can do in terms of training as well as apprenticeship programs is very important to us.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

ONTARIO PUBLIC SERVICE EMPLOYEES UNION

The Chair (Mr. Pat Hoy): Now I ask the Ontario Public Service Employees Union to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning, this time from the official opposition. I just ask you to state your names for Hansard.

Mr. Smokey Thomas: And I'll talk fast. My name is Smokey Thomas. I have with me Randy Robinson. Randy is our political economist. I'm the president of OPSEU. I'd just like to say thanks for the opportunity to present our views on Ontario's next budget.

Our union represents about 125,000 Ontarians working in 500 bargaining units that span the entire public sector. As the public sector has been very much in the news of late, I want to make it very clear who we are.

If you're lying on your kitchen floor with an explosive pain in your chest radiating up your left arm, the person you most want to see is one of our ambulance paramedics. If you're horrified by news stories of children being exploited, neglected, beaten and killed, then you know why we need children's aid workers. If you or any-

one you know has been touched by cancer, it was likely one of our professional lab technologists who first identified what kind of cancer it was. It was likely one of our radiation therapists or a pharmacy technician who delivered the prescribed course of treatment.

If you know that Ontario has the safest highways in North America, then you know why we need transportation enforcement officers on the road to put unsafe trucks out of work. If you care that the food you eat and the water you drink is safe, then you know why we have provincial inspectors.

Our members maintain the security of the blood supply. We make sure health cards and birth certificates are secure documents that are only issued to people who are legally entitled to them. We keep alcohol out of the hands of children—and drunks. We help people with disabilities live with the dignity they deserve. We give women and families a safe haven from domestic violence. We help people overcome mental health issues. We help raise your kids at daycare. We educate and train the workforce of the future. We protect Ontario's cultural heritage. We guard accused murderers. We make the courts work, for people and business. We enforce air and water protection laws. We protect our fish and wildlife and our forests and streams.

I represent the people who have chosen to serve their communities and to uphold the values that we share as Ontarians. I've been working with and for OPSEU members for more than three decades. I am always impressed by their commitment to the public, their incredible knowledge and their deep frustration at politicians who stand in the way of better service. Yet today, those who serve the public are under attack.

Despite the fact that, prior to the recession, Ontario consistently had the second-lowest program spending of any province in Canada, despite the fact that real wages in the provincial public sector in Ontario only returned to 1992 levels in 2008, and despite ongoing productivity improvements, we are seeing public sector bashing on a level we haven't seen since the mid-1990s.

We live in a time when well-funded forces in business and politics are taking advantage of the recent recession, the current budget deficit and ongoing economic uncertainty to further an agenda that aims to make Ontario more profitable for them and less livable for the rest of us. There is no reason why the need to address a budget deficit calls for a redistribution of wealth, especially one that moves money from lower-income, lower-net-wealth individuals to those at the top of the pyramid. Yet that is exactly the strategy adopted by the current government in its last two budgets.

Following on the 2009 budget, Ontario's Tax Plan for Jobs and Growth lists tax reductions for businesses that will total more than \$8 billion a year when fully phased in. These tax cuts include donations to corporations like the Royal Bank of Canada, whose profits in 2009 were more than \$3.8 billion and whose CEO, Gordon Nixon, struggled to keep a roof over his head on an income of just \$12 million. These tax cuts come with a price tag.

Somebody has to pay for them, and it won't be Mr. Nixon or his fellow CEOs.

Corporate tax cuts are being paid for in three ways: first, through vicious cuts to key public services, as in the recent wave of bed closures in mental health. The government plans to eliminate 2,000 more jobs in the Ontario public service alone, despite admitting that Ontario has the second-cheapest public service per capita of any province in Canada.

Second, Ontarians are paying for corporate tax cuts through wage cuts for nursing home workers, college admissions clerks, correctional officers and anyone else who happened to choose a career in the public service.

Third, Ontarians are paying for corporate tax cuts through the HST. While income tax cuts and other tax credits offset much of the impact, many Ontarians do not file tax returns. Of these people, a disproportionate number are poor and will pay the full amount of the HST. But even people whose income is unaffected by the HST will be affected by it by what they lose in public services. The tax plan says that the overall tax cut package "will reduce Ontario revenue by \$3.4 billion over the first four years." In our view, this is almost certainly a lowball estimate. This tax plan is an assault on public services and the funding that sustains them.

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Of course, it is the government's view that the negative effects of its tax policies can be mitigated by taking money out of the pockets of developmental service workers, workplace safety inspectors and conservation officers. Rarely in my memory has a government come forward with a policy as blatantly unfair as the McGuinty wage freeze policy. All of the money saved through the wage freeze, which could run as high as \$1.8 billion a year when fully phased in, will go to pay for corporate income tax cuts. None of it will go to save jobs, protect services or pay down the deficit.

Twenty per cent of OPSEU members make less than \$20,000 a year; 40% make less than \$40,000. If inflation runs at 2%, the \$20,000-a-year part-timer in a group home will pay \$400 a year to fund the corporate tax cuts in the first year and \$800 a year in the second year. Even if her wages in year three manage to keep up with inflation, she will pay that \$800 again in year three, in year four and on and on. Over five years, she will pay \$3,600. How can this be right, when she's paying for bonuses for CEOs who have so much money they can't spend it all?

Corporate tax cuts will not bring jobs and prosperity to Ontario. Ontario corporations have enjoyed either federal or provincial corporate tax cuts for the last 10 years, yet in that time, the rate of investment has actually gone down.

There is no need to get corporate taxes below those of our competitors; they already are. The 2010 Competitive Alternatives study by KPMG showed that Canada has lower overall corporate taxes than any of our key competitors, except Mexico. There are no major American or European cities with lower overall corporate taxes than

the Toronto region, KPMG says. And we all believe KPMG.

Even the federal government acknowledges that corporate income tax cuts are pretty much the worst way to boost GDP growth. The best ways are measures to help low-income people, investments in public housing and investments in public services in general. Any one of these expenditures creates a multiplier effect that is roughly five times greater than that provided by corporate tax cuts.

I often ask business leaders, "Do you think it is possible to have a society that is both prosperous and compassionate?" Not one person has ever said no. Yet somehow Ontario has gone astray. The wealth of the few now trumps the needs of the many.

With all the money in this province, how can we have more than 400,000 children growing up in poverty? How can the Premier literally be telling people on social assistance to eat less food while he is inviting CEOs to take another trip to the trough? Something has got to change.

It is true that the current crisis demands a redistribution of wealth. But it cannot be a redistribution of wealth from the bottom to the top; it must go in the opposite direction. The promise of trickle-down economics is an empty promise.

The time for a different vision has come. According to a poll of 1,500 Canadians taken last week, only one in 10 Canadians believes corporate taxes should be lower.

To reduce the inequality that is hurting our province, we propose the government take the following steps in the upcoming budget:

- commit to adequate funding of health care, post-secondary education, environmental protection and all public services, including those that serve the most vulnerable Ontarians;

- rescind the wage-freeze policy, effective immediately;

- implement the demand of the Put Food in the Budget campaign and increase funding for all adults on social assistance and Ontario disability support by \$100 a month—and that's all they're asking for. It needs to be about \$300 a month more, but I guess they'd settle for \$100 and sort of half-starve;

- restore the general corporate income tax rate to the June 30, 2010, level of 14%;

- introduce a financial transaction tax of one tenth of 1% on equity and derivative transactions on the Toronto Stock Exchange, the Robin Hood tax, as some people call it; and

- introduce a high-income surtax of 10% on the incomes of those earning \$300,000 a year or more. Those individuals can pay more taxes and they'll still be rich. I'll never have to worry about that one.

My members want an Ontario where parents can believe that their kids will be able to reach their full potential and make a positive contribution to society. We want an Ontario where we value the social bonds that help people and communities thrive as much as we value private gain. We want an Ontario where every man,

woman and child can afford the necessities of life and dream of a brighter future.

I just would like to close by saying that it really, really, really begs the question of everyone in this room who's going to have input into this budget: How can you put the greed of a few ahead of the needs of so many?

Thank you. We'd be happy to take questions now.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Mr. Barrett.

Mr. Toby Barrett: Thank you, OPSEU, for presenting. Much of your presentation centred on your concern with tax cuts for business, whether it's—and you list it here: elimination of the capital tax, reducing corporate income tax and tax reductions through the HST. Just looking at the broader picture of tax cuts, I guess some of my questions are: What tax cuts would you favour? Income tax cuts, for example, for workers?

Mr. Smokey Thomas: No. We'd just like to see you put taxes back on corporations and the rich. What I believe is needed in Ontario is a full and frank discussion of all our taxation. I think we could all agree that there are some unfair taxes. We might disagree about which ones are unfair, but I would like to see that kind of a debate happen. In the meantime, the government needs to have enough tax revenue coming in so that it can operate and look after all Ontarians, not just their rich friends.

Mr. Toby Barrett: Okay. With respect to all of our taxes, and there are a lot—well, there are a number of different categories. What about tax cuts for consumption taxes like the HST—obviously not for business, in your position, but, say, for gasoline or home heating oil?

Mr. Smokey Thomas: The HST was one huge tax grab, and in my mind, there are some things in there that shouldn't have HST on them. Do you know what I mean? They could take the tax off several things. The necessities of life shouldn't have the HST applied.

Mr. Toby Barrett: Necessities? Okay. Say, home heating and electricity, perhaps, or a share of electricity?

Mr. Smokey Thomas: Well, they borrowed a bunch of money to give us a 10% tax break—didn't they?—on electricity.

Interjection.

Mr. Smokey Thomas: Yeah.

Mr. Toby Barrett: Looking at it the other way, what tax increases would you favour? As you said, tax increases on corporations, but what about income taxes?

Mr. Smokey Thomas: I'll turn this one over to my finance guru here.

Mr. Randy Robinson: On the personal income tax, the one that we have targeted is a 10% surtax on income over \$300,000. Where we get the \$300,000 figure is that that happens to be the number that we've tested in polling, and the number we got last August was that 81% of Ontarians agree with that.

In terms of other taxes, the Robin Hood tax on the Toronto Stock Exchange right now: The amount of trading done at the TSX is about \$1.4 trillion a year, so a tax of one tenth of 1% would be \$1.4 billion at current

rates. But, of course, as trading expands, that number would go up.

Those would be two of the ones of the three that we listed.

Mr. Toby Barrett: What kind of tax is there on the Toronto exchange—

Mr. Randy Robinson: There isn't. It's just the commissions of the traders, which are unrelated to taxes.

Mr. Toby Barrett: Yes. Any other tax increases you would think of? The carbon tax? That's something that's been discussed on occasion.

Mr. Randy Robinson: Well, I think one of the main ones that we're trying to focus on is just getting the general corporate income tax rate back to 14%, which it was on June 30 of this past year. It will change on July 1. That would be our number three big one.

Mr. Toby Barrett: Okay. Government plans to eliminate 2,000 more jobs in the Ontario public service. Now, your union has 125,000 people. How many people are in the Ontario public service?

Mr. Smokey Thomas: Well, the OPS—we have about 44,000 members left who work for the government directly. I think there are about 63,000 and change in the whole OPS still.

What we've observed across the province is that while front-line workforces have been shrinking in hospitals, front-line health care and the government, management has not shrunk at all and, indeed, is expanding. I can cite you several examples if you'd like. After the fact here, I could send you some stuff. A hospital in Peterborough laid off 65 front-line workers but created three brand new management positions in the same announcement. The private sector has about one manager for every seven workers; the OPS has about one for 10. But broader public service hospitals now are at about one to four, one to five.

I'm not in favour of anyone losing their jobs, unless, of course, it's a bank CEO, but I have a personal dislike for them.

Mr. Toby Barrett: I'm sorry, what?

Mr. Smokey Thomas: A bank CEO. I wouldn't mind seeing some of them lose their jobs. They've done it to us long enough.

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But in the hospitals, if you look for savings, you could look for savings in management. I don't want anybody to lose their job, but what value is there if you're a manager and you're making 15% to 20% more than the front-line workers but you manage nothing or nobody? I've raised this with the Minister of Health on occasion. She asked us to get her some numbers. I said, "Well, ironically, we've had a freedom-of-information request into your ministry for about a year and a half, that you've been blocking, trying to get these numbers." So we've just gone through phone books, literally hospital by hospital by hospital.

So there's money to be saved in the government, but it's not taking away—it's not saying to the conservation officer, "You've only got gas for two days a week to go

out and do your patrols.” It’s looking at who really runs the darn thing. If you want to save, there are savings, and I’m submitting there are savings to be had in management all across the board.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Smokey Thomas: We left you a card there; join the citizens—people for corporate tax cuts. Thanks. There’s more to come on that one.

WILFRID LAURIER UNIVERSITY

The Chair (Mr. Pat Hoy): Now I call on Wilfrid Laurier University to come forward, please. I know that you’ve been sitting there quite some time now, so I think you know how the program works here: 10 minutes for yourselves. Make your presentation; the questioning will be from Mr. Tabuns of the NDP. Just state your names, please.

Dr. Max Blouw: Thank you, Mr. Chair, and good afternoon, committee members. My name is Max Blouw. I am president and vice-chancellor of Wilfrid Laurier University. With me is Brian Rosborough, director of government relations for the university.

Thank you for inviting us to present today. It’s a pleasure to be with you. This is the second year in a row that Laurier has made a submission to this committee. This repetition reflects our desire to work in partnership with the government of Ontario and with the Legislative Assembly. We wish to advance what we believe are shared goals of high-quality, accessible post-secondary education that recognizes the value of teaching and learning, that values our students and our institutions, and that underpins Ontario’s cultural, social and economic prosperity.

We are grateful that a number of important initiatives in last year’s provincial budget responded directly to our 2010-11 submission, including the need to update base funding for two universities for significant enrolment growth since 2005; the need to fund additional post-secondary spaces to meet growing demand, and that demand is growing enormously; and the commitment to work with stakeholders towards more sustainable public sector pension plans.

This year, our submission focuses primarily on the need for capital investment in the post-secondary sector and for capital investment in Laurier in particular. Ontario has the opportunity to regain a position of national and international leadership and competitive advantage through investment in post-secondary education. It’s an opportunity that our competitors in both emerging and transitioning economies understand very well. President Obama’s State of the Union address captured this imperative very well. He said: “We know what it takes to compete for the jobs and industries of our time. We need to out-innovate, out-educate and out-build the rest of the world.”

The same is true for Ontario. To do this in Ontario, we need additional capacity in the system, including tens of

thousands of additional spaces in our universities. Universities have attracted less than 1% of provincial capital investment in the past couple of years. We will prosper only with a significant additional investment going forward. Laurier’s submission includes an integrated plan for capital investment in our multi-campus success story, including investments in Waterloo, Brantford and in a proposed new campus in Milton. Our proposals reflect the need for immediate growth in university enrolment. They also reflect the ever-increasing demand for Laurier’s programs and for the opportunities for student engagement for which Laurier is renowned.

Laurier is building on its success with complementary multi-campus programming that reflects the goals of our current and prospective students, the leadership of our faculty and the imagination of our partners and, most importantly perhaps, the aspirations of the communities that we serve in our wonderful province.

In Waterloo, provincial infrastructure investment will increase capacity and innovation in business education, which is essential for the capitalization of new ideas and new technology. Our friends at the University of Waterloo generate many wonderful new technologies. At Laurier, we generate the outstanding business graduates who take those technology companies and make them globally successful. It’s a huge contribution to the overall knowledge-based economy in the province.

Our submission includes proposals for two new buildings on our Waterloo campus that over 10 years will allow us to increase enrolment substantially, to repurpose existing space more effectively and to bring industry and community into the university increasingly.

At Laurier Brantford, provincial infrastructure development will support increased enrolment and help build a unique community partnership to bring much-needed recreation and athletic facilities to a community that is being revitalized as a result of post-secondary education. Laurier Brantford illustrates the transformative nature of an investment in post-secondary education in a community. In that community, working together with six partners—the YMCA, the Six Nations, Nipissing University, Mohawk, the Six Nations Polytechnic, and the municipal government—we propose to jointly build a new YMCA facility that will support community recreation, post-secondary athletics and recreation, and act as a new conduit for relationship-building amongst our partners and between our partners in the wider community. It will certainly support increased enrolment at the Brantford campus.

We have also included a proposal for a new learning commons at Brantford that will allow us to grow further while offering students learning, teaching and student support resources that will define innovative universities in the future.

In Milton, a new Laurier campus will bring post-secondary education to an area of the greater Toronto region that is defining rapid and sustainable growth and is poised to become a centre for green technology and innovation. A Milton campus would build on Laurier’s

multi-campus success story and create capacity in North America's fastest-growing community.

The year 2011 is a celebration year for the Laurier community as we mark our 100th birthday. For Laurier, it has been 100 years of inspiring lives of leadership and purpose. As we build on the success of our first 100 years, we're looking forward to the decades ahead and to Ontario's future in the 21st century.

The decisions Ontario makes today regarding investment in post-secondary education will determine whether it is a leader or a follower in the century ahead. I invite you to review our submission in detail to see the opportunities it provides, and I invite you to support Laurier over the next 100 years of inspiring further leadership and purpose. Thank you very much.

The Chair (Mr. Pat Hoy): Thank you. We'll go to the NDP's Mr. Tabuns.

Mr. Peter Tabuns: Thank you very much for coming in today and for making this presentation. In the context of all of the post-secondary education facilities in Ontario, how does your proposal fit in? You're right; you're asking for money for PSE in general and you in particular. Why you in particular?

Dr. Max Blouw: Of the traditional universities in the province, Laurier has grown faster than any other. We were a small undergraduate university for decades. Currently, we have about 17,000 students in four different locations. We've become a multi-campus university. We continue to grow very rapidly. We are meeting the needs of the province for very, very well-educated people who can launch us forward, not only with economic prosperity but cultural and social prosperity as well.

I believe that Laurier has undertaken all of this growth in a remarkably sustainable way. In other words, the student experience continues to be extraordinarily strong. We value the kind of experience students receive at smaller institutions, therefore, as a growth strategy. We aim to minimize the growth at our fastest-growing location in Waterloo to deflect more of that growth to Brantford and, we hope, to Milton. Milton is in, I think, desperate need of a post-secondary institution. I believe, in fact, that building a post-secondary institution there would not be very different from having started, say, the York campus in York region 55 years ago. Look what that's done not only for the province, but for the country as a whole. I think it's an important imperative.

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Mr. Peter Tabuns: I understand the logic of your argument.

One of the concerns that I've heard from both faculty and students on occasion is that they have buildings but they don't have enough teachers, teaching assistants or support to actually provide a person-to-person, student-to-teacher ratio that allows them to learn the way they need to learn. Are you finding yourself hard-pressed on operating costs?

Dr. Max Blouw: We are indeed hard-pressed on operating costs, but at Laurier we've made some very tough decisions, and one of those is to have a fixed ratio

between faculty and students. That is a matter of institutional policy and collective bargaining. So we have diverted resources to the classroom at times when perhaps it might have been very tempting to do other things. As a consequence of doing that, we have a rather high deferred maintenance budget. Our deficit is quite substantial. The capital resources that we are requesting in this proposal will help us to renew our infrastructure and to reduce that deferred maintenance cost to some extent.

Mr. Peter Tabuns: It's an interesting perspective you put out there. What portion of what you're asking for would deal with your deferred maintenance, and what portion would deal with new spaces for new students?

Dr. Max Blouw: All of the request will deal with new spaces for new students. What we will be able to do with new space is to then undertake renovation of existing space to bring it up to standard. I doubt very much that we'll be able to do away with any of our existing stock. We're saturated. We have to rent space in Waterloo very quickly because we simply are completely out of space there. With the development of a large new building, we can actually empty a building, renovate it over the course of a year or a year and a half and so on. So it will have a domino effect of benefits.

Mr. Peter Tabuns: I have no further questions. Thank you.

Dr. Max Blouw: I notice that there's a Laurier100 bag under the table at the end of the room, celebrating our 100th anniversary.

Thank you very much for the opportunity to be with you.

The Chair (Mr. Pat Hoy): Congratulations.

MEDTRONIC OF CANADA

The Chair (Mr. Pat Hoy): Now I call on Medtronic of Canada to come forward. Good afternoon, gentlemen. You have 10 minutes for your presentation. There could be up to five minutes of questioning, and in this round, it will come from the government. I'd ask you to state your names for our recording Hansard.

Mr. Neil Fraser: Thank you for the invitation to come today. My name is Neil Fraser. I'm president of Medtronic of Canada. With me is my colleague Sylvain Beaudry, who is our director of government affairs and health policy. We're very pleased to provide input to this committee.

I'd like to start by talking about our company. We are one of the largest medical technology companies both in Canada and the world; within Canada, established here in Ontario in 1972 as a subsidiary of our Minneapolis-based parent. We currently employ over 600 people across Canada, and probably half of those would be in Ontario. Our presence in Canada is significant and growing. Our headquarters is in Brampton. We also have a distribution centre in Mississauga, a manufacturing and R&D facility in Montreal, and sales offices across the country.

Medtronic is a pioneer in developing medical technologies such as the pacemaker, which was developed by

our founder. Many of our technologies are minimally invasive. The products and services that we provide are designed to enhance and extend the lives of Canadians. We specialize in a variety of disciplines in medicine, with surgical tools and devices for things such as cardiac rhythm, like the pacemaker; Parkinson's; chronic pain; spinal deformities; diabetes; cardiovascular disorders and many other conditions.

Medical devices improve the accuracy of diagnoses, enhance the treatment and cure of diseases, and reduce the impact of long-term disabilities. In short, they help provide better medical care and improve patient outcomes.

Every day, we work with physicians, nurses, administrators and other stakeholders on these therapies and the value that they bring to the health system.

In these challenging economic times, we want to be part of the solution and not the problem. We understand the importance of developing and implementing public policies that are focused on improving patient outcomes—such as recovery time reduction and emergency room visit reduction—without jeopardizing the long-term sustainability of the system.

As we enter the new fiscal year of 2011, Medtronic, like other stakeholders in the province, is acutely aware of the challenges facing the government of Ontario. Forty-six cents of the dollar that the government spends goes to health care. Clearly, the current mode of funding is unsustainable. In the longer term, the government will need to find innovative approaches—such as broader use of devices, as one example—to deliver health care.

At Medtronic we're experts at innovation not only with the devices that we develop but also in delivering system solutions, such as a recent example we call the "hospital of the future," which allows a digital command centre in the operating room to improve the flow of devices, reducing back orders, providing electronic device registration and better aligning the product mix with the usage patterns that are found in the hospitals.

Medtronic can be an important partner of the government of Ontario. We want to work together with the government to help them to spend smarter and to spend in ways that maximize access to therapies without sacrificing the long-term sustainability of the system.

Within this context, we have two recommendations for the committee today. One is about leveraging the economic potential of the medical device sector in Ontario. Second is embracing the value that technology brings to the health care system.

Over the past year, the Open for Business plan of the provincial government identified the medical device technology sector as a potential growth industry for the province. We appreciate the focus from the Ministers of Economic Development and Trade as well as Health and Long-Term Care, working together to try and develop solutions to issues and barriers that are facing the sector in Ontario.

Among the many issues that came forward were procurement and access to the market; adoption of new

medical technology; the role of health technology assessment in the health sector—and this is an arm of the Ministry of Health that assesses the economic value of technology; engaging the global device industry—which we represent—in the Ontario technology strategy; and also looking at cost containment versus innovation. How do you do both?

All of these are very important issues to address. Due to time constraints here, I'm going to focus on procurement and access to the market.

Ontario hospitals rely on something called a tendering process. This is based on guidelines that were developed by the finance group Ontario Buys for the procurement of medical technology. This process has become increasingly complex and has required a significant allocation of resources by the industry just to cope with the requirements.

As a company and a sector, we're concerned about the direction that the ministry is taking in amending the current procurement guidelines. We support the principles of competitive tendering and of professional procurement; however, we believe that it should support and recognize the value of innovation in technologies to patients, clinicians and the health care system and should reward features that bring new capabilities and options to the clinical pathway. In short, it should not be exclusively about price, but rather assess the full value that that technology brings. It's imperative that Ontario Buys and the Ministry of Finance work with the medical technology sector to develop guidelines and terms and conditions that do not curtail innovation and investment in Ontario.

As I mentioned, almost half the provincial budget is currently going to health care, and this is increasing in the 5% to 8% range annually, until 2014, when the current federal-provincial accord is due to expire. We believe that the Ontario government must use the 2011 budget to start to examine how and where it's spending money on health care services and to determine if there are opportunities to improve on the investments. Is the government really getting the best value for the money it's investing in health care?

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We believe that the government could improve patient outcomes cost-effectively by rethinking the investments it makes in therapeutic treatments for a variety of diseases and conditions. For example, clinical evidence increasingly demonstrates that, in certain areas, medical device technologies can be more cost-effective than drugs, although the cost is all up front, whereas the drug costs are spread over the life of the patient. But devices can be site-specific in their delivery. Because they're anchored with electronic circuitry, there's tremendous certainty of the delivery of therapy, unlike with drugs.

In this vein, we urge the government to take advantage of the recommendations of the Ontario Health Technology Advisory Committee, OHTAC, an expert advisory committee that advises on the adoption and funding of new medical device technologies and treatments. One area that they identified was the area of so-called "neuro-

modulation," which relates to a field of neurosurgery called functional and stereotactic neurosurgery. This area involves the use of pacemaker technology in the central nervous system to manage symptoms of chronic diseases, such as Parkinson's, chronic neuropathic pain, incontinence and depression and many other conditions. In 2005, OHTAC provided positive recommendations on the cost-effectiveness of this therapy for patients. However, today, six years later, government funding is still well below conservative estimates of the OHTAC recommendations of 2005.

In 2011, less than 10% of patients who need this technology or could benefit from it will actually receive it. It's important to note that Ontario is a laggard in terms of this area compared to other Canadian provinces and other countries of the developed world. As per OHTAC's recommendations, Ontario requires additional funding in this area to meet the current patient demand. This could be an example of somebody who is in chronic pain who may not be able to work. The result could be that they could go back to work.

The Chair (Mr. Pat Hoy): You have about a minute.

Mr. Neil Fraser: Thank you. So, in short, as per OHTAC's recommendations, we ask the Ontario government to boost its support in this area. The estimate is currently \$15 million annually, which would cover the cost of the technology and associated support programs in this area. This investment would be in line with the government of Ontario's newly established Ontario Brain Institute. While we applaud the creation of the institute, it's key that the government of Ontario not only support research but also clinical programs that provide therapies to the sufferers of such diseases.

In summary, then: As the provincial government prepares the budget, we encourage it to continue working with the medical device sector through the Open for Business initiative to address issues affecting the investment climate here in Ontario. We specifically ask the government to work more closely with us on these models to ensure transparency, simplicity, and that value is emphasized and not just price.

Moreover, we would urge the government to re-examine how it spends on therapeutic treatments and to consider the OHTAC recommendations in this field of neuromodulation.

Thank you for your time. We'd be pleased to answer any questions.

The Chair (Mr. Pat Hoy): The questioning goes to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Mr. Fraser and Mr. Beaudry, for being here. That was quite a fascinating presentation, and a unique one, to say the least. That's a lot to take in, but I'm going to talk to you about the medical device sector and what Medtronic does. It's going to be interesting.

I have a couple of very specific questions, if you don't mind. The development of medical technologies: You talk about Medtronic working to improve patient outcomes, reducing recovery time and emergency room

visits. Obviously, that's the mandate of this government, and working to the alternative level of care, the continuum of care, moving patients out of the ER and aging at home.

My first question is: To date, what kind of conversations have you been involved in, or what role do you see yourself playing as this whole piece unfolds?

Mr. Neil Fraser: Do you mean generally, or specific to neuromodulation?

Ms. Leeanna Pendergast: No, with the government.

Mr. Neil Fraser: We've been actively involved in the Open for Business process. We're a member of MEDEC, which is the association of our industry. We've provided specific examples and case studies for them to use in these discussions, and we certainly support that process.

Ms. Leeanna Pendergast: So this would be the partnering you're doing with the Ontario government, developing new approaches to delivering health care.

Mr. Neil Fraser: Yes, and we're also partnering with OHTAC on the assessment of technologies and giving them presentations on developing areas that are of interest to them, such as telemedicine, for example. You can communicate with our devices trans-telephonically and avoid repeat visits to the hospital for follow-ups and that sort of thing, so it does keep patients at home as well.

Ms. Leeanna Pendergast: Excellent. On page 5 you talk about working more closely with the Ministries of Economic Development and Trade and Health and Long-Term Care. Is there a plan for that? Is that a continuous dialogue that's happening?

Mr. Neil Fraser: Yes. It has been going on since about September, I believe, or maybe even June. So it's an ongoing process.

Ms. Leeanna Pendergast: Thank you for those comments. I want to focus on the neuromodulation piece, just because of the possibilities there and the pacemaker technology. On page 8, you talk about how "in 2011, less than 10% of patients who need neuromodulation therapy ... actually receive it." Where do you get those statistics?

Mr. Neil Fraser: Just from epidemiology and from the OHTAC recommendations. It's in their specific report from 2005.

Ms. Leeanna Pendergast: For 2005?

Mr. Neil Fraser: Yes.

Ms. Leeanna Pendergast: Okay. And when you talk about OHTAC's recommendations, that's where you get the \$15 million annually? Is that where the \$15 million annually comes from?

Mr. Neil Fraser: That's correct. So it's relatively modest.

Ms. Leeanna Pendergast: As the finance committee, I wanted to ask: As a result of that relatively modest, as you say, \$15-million investment, what are the ripple-effect savings? You did touch briefly on chronic care and chronic illness, and we're talking about aging at home and moving people out of hospitals. Can you speak to that? Sometimes it's nice to have a balance between the \$15-million ask and then what the savings would be in terms of that.

Mr. Neil Fraser: Most of these neurological disorders—whether it's pain or Parkinson's or depression—can affect people, really, of all ages. Many of them are on narcotic drugs. People with movement disorders are on some highly specialized drugs. They're not necessarily old, so they will be on these drugs for the rest of their lives. It's highly variable. I'm sorry I don't have a direct figure, but it could be as much as \$50,000 a year to maintain a patient with a chronic neurological condition.

Ms. Leeanna Pendergast: So we're also talking about maintaining them out of hospital?

Mr. Neil Fraser: Yes, but they would still also be required to come for follow-up, and they may have to go to emergency at times if the drug is not working. Again, the drug is a very statistical product; it's not always effective, whereas devices are more effective.

The Chair (Mr. Pat Hoy): Thank you, and thank you for your presentation.

Ms. Leeanna Pendergast: I've got to talk faster. Thank you. Too many questions; too little time.

Mr. Neil Fraser: Thank you very much. It's a very technical area.

ONTARIO HOME BUILDERS' ASSOCIATION

The Chair (Mr. Pat Hoy): Now I ask the Ontario Home Builders' Association to come forward. Good afternoon, gentlemen. You have 10 minutes for your presentation. There could be up to five minutes of questioning; in this case, it will come from the official opposition. I'd ask you to just state your names for our recording Hansard, and then you can begin.

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Mr. Bob Finnigan: Okay. I'm Bob Finnigan.

Mr. Mike Collins-Williams: Mike Collins-Williams.

Mr. Bob Finnigan: Mr. Chairman, members of the committee, good afternoon. My name is Bob Finnigan, and I am the president of the Ontario Home Builders' Association. I'm also the chief operating officer of Heathwood Homes. We primarily build multiple- and single-family homes in the GTA and we are an Energy Star builder. I'm a volunteer member of the association and, in addition to my business and personal responsibilities, I'm very dedicated to the housing industry. Joining me is Michael Collins-Williams, OHBA's director of policy.

The Ontario Home Builders' Association is the voice of the residential construction industry across Ontario. Our association includes 4,000 member companies, organized into 29 local associations across the province. The residential construction industry is the largest and most important industry in the province. Our sector supports over 334,000 jobs, paying some \$16.9 billion in wages and contributing \$34.4 billion to the provincial economy. Putting those numbers aside, I think all you really have to do is look south of the border to understand just how important a healthy and strong housing market is to the broader economy.

In 2010, we had a very strong pre-HST spring market in the single detached homes sector. However, in the later half of the year, we did see a substantial slow-down of low-rise sales due to both price levels and land supply issues. In the high-rise condo market, there has been year-long strength and these sales were the main reason for the overall increase of about 20% in housing starts over the previous year.

Low mortgage rates, improved consumer confidence and the continuation of the investor market supported the real estate sector in 2010 and created many new jobs on construction sites across Ontario. In 2011, we are anticipating the housing market to level out with a slightly more moderate pace of activity. Builders are fairly cautious and we are prepared for a subdued year in 2011 in terms of economic performance as there still is a lot of uncertainty regarding consumer debt, exports and the global financial environment.

Right now, it is absolutely critical that the provincial government continue to strongly support job creation to ensure a sustainable recovery. Our members are very concerned about unemployment. Quite simply, if somebody is worried about whether or not they will have a job in the near future, they certainly aren't going to purchase a new home or consider a major renovation.

OHBA strongly believes that continuing to devote stimulus funding into key core infrastructure projects is the best method to create jobs, while also laying the foundation for future productivity gains. Infrastructure also improves the quality of life in Ontario by reducing congestion and ensures we remain competitive in an increasingly globalized economy. I don't think anybody in this room needs reminding that we face major congestion issues in south-central Ontario, and while we support many of the initiatives started in the last couple of years to combat congestion, we've got a long way to go. OHBA supports major transportation corridor projects such as high-order transit lines in Toronto, GO Transit electrification, the mid-peninsula corridor highway, the 407 eastward extension, as well as upgrading key border crossings with the United States.

We have been very supportive of economic stimulus plans geared towards infrastructure investment and job creation. We also recognize that the economic stimulus of previous budgets will shift to a new period of budget austerity. So while the total amount of funding towards infrastructure will likely decline, it is critical that the upcoming budget and the 10-year capital infrastructure plan focus on core infrastructure as priority investments. The OHBA defines core infrastructure as roads, transit, water and waste water facilities that support overall economic expansion.

We recognize that the shift to a harmonized sales tax has some benefits to the broader economy, specifically manufacturing, but harmonization has brought about significant taxation implications, impacting new home buyers and homeowners contemplating a renovation. I'll discuss new housing first.

OHBA strongly supported the enhancements the province made in June 2009 to replace the initial proposed regressive dual threshold sales tax with a progressive tax structure that is now applied to new homes. This was an enlightened approach to taxation, and we are strongly advocating for the federal government to take the same steps as Ontario to enhance the outdated GST structure as it applies to housing. We want to be very clear that while we support the positive measures taken to improve the tax structure and reduce the overall tax burden, it still represents a substantial net taxation increase for homes valued over \$400,000.

In light of this issue, a reasonable and good alternative is, over time, to regularly review the threshold and to consider eventually matching the \$525,000 threshold used by the British Columbia government. This would substantially improve housing affordability for the middle class new home buyer and provide an opportunity for the federal government to adopt the same threshold in a progressive tax structure and set the stage for a truly harmonized tax policy across Canada.

With respect to residential renovations, we have serious concerns that the cumulative 13% sales tax burden has been a godsend for the underground economy. Many new homeowners are going to avoid paying the sales taxes by hiring unscrupulous trades and simply paying cash. This has become an all-too-common occurrence in communities across the province, and I know that everyone in this room has a friend, family member or neighbour who has hired someone to do renovation work for cash.

Please keep in mind that this isn't a small problem in an insignificant sector of the economy. The residential renovation sector accounts for some \$20.3 billion in investment activity and supports approximately 195,000 jobs in this province. Recently, the Altus Group estimated that underground renovation contracts represented some \$5.2 billion in unreported economic activity just prior to the implementation of the HST. This number has obviously grown significantly in the months since the new tax was implemented.

With the GST having already steered a sizable proportion of renovations to the underground, we know that the tax increase was like throwing gasoline onto a fire. Yes, HST credits are available, but it's only on the building materials portion of the contact. The much larger labour and overhead components have no input tax credits, and the real problem is that single line at the bottom of a contract that says "13%," to which the all-too-common response is, "What will it cost me if I pay cash?"

This isn't a small issue that can be swept under the rug, as many illegitimate businesses will hope you do. We are talking about billions of dollars in illegal economic activity, and, quite frankly, we can't afford not to do something to tackle this growing problem.

There are many obvious negatives attributes to underground construction work. Health and safety standards of workers in the underground are not likely to be met and aren't enforced. Warranties are generally non-existent.

Consumers suffer with little or no recourse in the event of shoddy or unsafe workmanship, which exposes consumers to both financial and liability issues. Lastly, all levels of government stand to lose billions of dollars in revenue leakage, as cash operators aren't just avoiding sales taxes, but they also aren't reporting income or corporate taxes, and they're not submitting premiums to CPP, WSIB or employment insurance.

To mitigate the impact of the cumulative 13% sales tax on the underground economy, we strongly recommend that both the provincial and federal governments introduce permanent home renovation tax rebates for their portions of the sales tax. We advocate that these rebates should go directly to consumers to encourage the collection of receipts from legitimate business that are submitted to the CRA at tax time every spring. This would, in turn, create a paper trail that governments and the CRA could utilize to track and catch those trying to cheat the system.

Let me conclude by stating that we are cautiously optimistic that we've survived the worst of the recession, but the residential construction industry is very cautious about the future. As one of the key drivers of the provincial economy, OHBA members pour billions of dollars into the provincial treasury and allow for the expansion of the municipal property tax base. We look forward to the upcoming provincial budget with the hope you have listened to both our concerns and positive suggestions to support job growth by making significant infrastructure investments.

I'd like to thank you for your attention, and I look forward to any questions you may have.

The Chair (Mr. Pat Hoy): Thank you. We'll go to Mr. Miller of the official opposition.

Mr. Norm Miller: Thank you very much for your presentation today. I guess I'll start with the beginning of your presentation, where you were talking about overall fiscal policy. You said that you're concerned with the overall deficit and debt. What would you like to see, and what are your concerns there?

Mr. Bob Finnigan: Well, we know that the province is running a substantial deficit, and the concern is that we've been spending, and we know the spending is going to slow down. So our infrastructure wish is that hard items such as roadways and sewers, the infrastructure spending that supports expansion of the economy in the long run—that's where we would wish to see continued spending.

Mr. Norm Miller: Obviously, there's been a lot of infrastructure spending in the last year and a half or so. Was there enough investment in those core things that support economic growth? Obviously, they're not the sexy things; sewer and water are below the ground, and you don't see them. It's not like a new recreation facility or pool.

Mr. Bob Finnigan: Yeah. Unfortunately, those things don't materialize overnight. The money is directed there, but we don't see the instantaneous results. It takes many years of ongoing support for those to keep the wheels

turning. The lack of infrastructure spending over the previous decade had really caught up with us, so we've got a long way to go.

Mr. Norm Miller: So that's kind of key. It's a kind of building block for your industry, for the economy and for jobs.

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Mr. Bob Finnigan: Certainly in our industry, it's being able to see where our raw resources are, and our raw resources are land, either redevelopment land or raw land. The only way you can get at those is if they're serviced. So that's key.

Mr. Norm Miller: In your report, you also talk about—you've got it highlighted here—escalating taxes, charges and fees. I assume that's also things like WSIB. Can you give me an example of what these taxes, charges and fees are?

Mr. Bob Finnigan: In the last year, the HST was the biggest thing to come in and affect the homes over \$400,000. But it's the development charges, land dedication fees and building permit fees—to the point where Ontario's cities are some of the highest in the country. For example, in Toronto, the total GICs on a unit with a median price of \$843,000—

Mr. Norm Miller: Sorry, total which?

Mr. Bob Finnigan: Government-imposed charges.

Mr. Norm Miller: Okay, thanks.

Mr. Bob Finnigan: So that's everything from DCs, land dedication, building permits, PST, GST. In the city of Toronto, on an average-priced house today, we are at \$141,000 in direct charges—Ottawa is \$65,000; Hamilton is \$57,000.

Mr. Norm Miller: And those are some of the highest costs in the country.

Mr. Bob Finnigan: It all adds to the price of a house, so it decreases affordability. And it's across all three levels of government. It's not specific to any one. Municipal charges are quite large.

Mr. Norm Miller: Do you see the HST—I know there's a threshold; you said above \$400,000. I've talked to a builder who is more into high-end sales in my own riding, where sales just stopped. Has that been the effect on the higher-priced homes? Are they negatively affected?

Mr. Bob Finnigan: Absolutely. I mentioned earlier that before July, the first half of the year, low-rise sales—the average price of a new home in Toronto is over \$500,000 today. There was quite a run-up before June 30 to beat the tax, so to speak, and after that the market softened considerably. Basically, it's about \$6,000 to \$8,000 more per \$100,000 over \$400,000 than it was before; i.e. a \$500,000 house is \$6,000 to \$8,000 more than it was before June 30, and a \$600,000 house is \$12,000 to \$16,000 more. It affects affordability. And that's on top of the other charges that we talked about before.

Mr. Norm Miller: Your recommendation for the affordable housing strategy: You support the inclusion of

secondary suites in the strategy. Can you expand on that a bit?

Mr. Bob Finnigan: When we were asked to comment on that, secondary suites, in our estimation, were the low-hanging fruit. There are many existing houses that can accommodate a secondary suite, whether new or resale. There's a wide range of municipal requirements. Some municipalities outlaw them completely. So we encouraged that that be looked at in terms of a simple solution to providing more affordable units within a given market.

Mr. Norm Miller: As a provincial policy.

Mr. Bob Finnigan: As a provincial policy.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

ONTARIO SECONDARY SCHOOL TEACHERS' FEDERATION

The Chair (Mr. Pat Hoy): Now I ask the Ontario Secondary School Teachers' Federation to come forward, please. Good afternoon. You have up to 10 minutes for your presentation. This time the questioning will come from the NDP and Mr. Tabuns. I'd just ask you to identify yourself before you begin.

Mr. Ken Coran: Thank you, Chair. My name is Ken Coran. I'm the president of the Ontario Secondary School Teachers' Federation. To my left is Lori Foote, our director of communications and political action.

I believe that you have the four-page presentation we have—uncharacteristic of our usual 35- or 36-page document. What I'll try to do is sum up, because I'm sure you've had six or seven presentations from OSSTF throughout the province.

Interjection.

Mr. Ken Coran: Two or three.

There's a general format to them, so what I want to do is not go over it line by line, but just sum up some of the issues and let you know that we are fully aware of the fact that the deficit was \$24 billion, went down to \$21 billion and now is at \$19.3 billion. So we are aware of the financial concerns that are out there but wanted to stress to you—and we say this because we represent workers in the elementary system, in the secondary system, in the university system and also in all four of the boards: the public board, the Catholic board, the French public and the French Catholic board. So when we put a paper together, we put it together with a lot of, obviously, different interest groups and a lot of input from people in different sectors of the education community.

The main theme I want people to leave this room with is that the government has put a lot of money into education and we are very respectful of that, we're very appreciative of that, but we also feel that that is the right investment. We all know how society is changing and how the job opportunities are changing, and it's only through education that we can maintain Ontario as a leader in this country and in the world with regards to being able to produce things, to innovate things and to be leaders.

The key component—and this would be my critique, I guess. The government has put a lot of money into the elementary panel with the JK/SK initiative, which is very important. They're putting more and more money also into post-secondary, which is very important, but in education there's a lifeline there, there's a progression. We want to make sure that the secondary school component is not lost in the early and the post-secondary, because if that middle portion isn't strengthened and maintained and funded properly, then the money you put in at the start doesn't really make that much of a difference to the money you're putting in at the end. So there's got to be that progression there.

One of the things we would like to see, especially in the secondary panel, is maybe more course offerings and more help for some of the special-needs students.

Just recently I was at a public school boards' association meeting and there was a great presentation from a society that represented mental health issues. They are saying that one in five students now has a mental health issue. Money invested in education will better service those students and possibly stop a lot of the costs that could be incurred if those conditions aren't treated in the proper setting and at an early age. So we wanted to make sure that there was funding for a lot of special-education students and to treat some of these students with high needs, because one in five students is a pretty high percentage of problems that could arise later on in life.

The other thing we wanted to see in the secondary panel was to try to get back to the focus of some of the trades in schools. At one time there were a lot of trades. A lot of the students have different strengths and weaknesses. A lot of the boys, especially, would really elevate themselves in the vocational schools and in getting access to those trades. We know it's costly to put the right equipment into the trades, but we should get back into that and make sure that those programs are in the secondary schools.

The other big one: It's more of a cost-saving one and it's a little bit more controversial. It deals with school configuration. As you've been throughout the province, in different communities, you know that there are different areas of growth and different areas of declining enrolment. One way to address those would require consultation with the unions and with school boards, obviously, but it would be school configuration. To us, it makes no sense if you have one school that is over capacity and another school that is under capacity. There should be a way of maybe moving students from, let's say, a kindergarten to grade 8 school—to make that a kindergarten to grade 6 school and then put the grade 7s and 8s with the high school kids in 9 to 12. So let's share some facilities and make better use of them. That way, if some have to be closed, you won't be closing them in the communities where you could make some changes as to the school populations.

It's just a way of breaking down some barriers and looking at better use of facilities. We believe that the taxpayers would very much appreciate something like that,

because there are criticisms that some schools are underutilized and some are bursting at the seams. So that's one thing we would be prepared to work on with whatever group to make sure that we could achieve some savings of that nature.

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Another big issue is adult education. If we have schools that are being underutilized, let's use some of those facilities at night, or during the day, if that's possible, for adult education. You can go to the StatsCan website and just look at a breakdown of the languages that people are speaking—we're multicultural, and there's a lot of diversity out there. The first ones are obviously going to be English and French, and the next one is Chinese, then it's Italian, Spanish, German, Portuguese, and then you go to Punjabi, Tagalog, Tamil. So our culture is changing. Any student in school likes to involve their parents, and if they don't like to, their parents would like to be involved in their kids' education. We have to make sure that there is the ability to communicate so that they can understand what's going on. We believe that more funding should go into adult education so that we can facilitate that family-sharing of ideas and make sure that everyone gets into Canadian culture and understands it. That's an issue we've always put forward.

You can see that a lot of these issues are not real big budget items; they're more budget-specific to education and the grants that go to the school boards.

The other one that we conclude with is—there are two of them; one is universities. The government is spending a lot of money on infrastructure for universities and colleges, and rightly so, but we just want to make sure that the people are there to work in these buildings, that those buildings are maintained and that the facilities are used to the greatest ability.

The last one is Ministry of Education initiatives. It's great to have new ideas, and it's great to put them forward, but in education it takes a long time for an initiative to actually produce a result. If we could slow down some of those initiatives, which might even be a cost savings to the Ministry of Education—let's slow some of them down and make sure that the people who have to implement these initiatives are trained properly, have time to work with the students, have time to share ideas, and make sure that new initiative, which could be a great initiative, gets to conclusion. Too many times, if there are too many new things that happen, you can't grasp all of them and you can't fully realize the great extent that some of them are trying to achieve in those improvements.

So we've broken it down. I've superficially touched on a lot of those, but I think you get the idea that education is important. The money that goes into education is only going to prove to possibly reduce other things. We would stress even blending some ministries together. Adult education: There's a perfect opportunity to use some stuff from the Ministry of Citizenship and Immigration and put it together with the Ministry of Educa-

tion. There are ways of looking at budgets so that maybe you could realize more bang for the buck.

The Chair (Mr. Pat Hoy): Thank you. Mr. Tabuns from the NDP will ask questions.

Mr. Peter Tabuns: Ken, thanks very much for coming in today. Thank you for this presentation.

The special education issue: When we had OSSTF here with your members, many of them talked about the difficulties they were facing in class, trying to deal with not just one student who had difficulties, but multiple students in some cases. Can you give us a sense of the shortfall in addressing the needs of special education students and the impact it's having on classes?

Mr. Ken Coran: There was a survey that was done, and the results haven't even been released, but a lot of the educators said the greatest difficulty in improving student success or improving the achievement was just based on the fact that they can't deal with as many students as they have. If you're doing differentiated instruction, you're trying to get the best out of an individual student, and you have to have either an educational assistant there to help you or a smaller class, because it's really personal attention that drives a student's progress. So the more we could either reduce class sizes or get educational assistants in there or speech and language pathologists, all the resources that are going to be used to deal with some of these students—that would certainly help.

We know that the government is going to release its new special-ed funding allocations in the very near future. They've done a thorough review over years, so we're interested in seeing what that results in. Those results will be out this month. It's the same old saying: The more attention you pay to something, the greater the likelihood of success.

Mr. Peter Tabuns: Adult education: I've had an opportunity to go to a city adult learning centre here in Toronto. You have people who are dealing with very large student loads, getting a good reception. Could you speak a bit more about the kind of resources that should be going into adult education? I get the sense that those programs are run very tightly, with not a lot of room for the people who are actually delivering them.

Mr. Ken Coran: In adult education, really, there are two components, which are very different. There are continuing-ed teachers and continuing-ed instructors. A continuing-ed teacher delivers a credit course. So people who are trying to get a high school diploma would take their courses from a con-ed teacher. A con-ed instructor is one who would do things such as English as a second language.

There are very few cities now in Ontario that still offer those programs through adult day school, and it was primarily through cutbacks in funding. With the cutbacks in funding, the school boards obviously didn't have the funding to continue those programs, so they have somewhat died out. There are still some centres in Ontario—London has adult day school, as does Toronto and, I believe, Ottawa, but very few in other parts of the province.

The same thing with the instructors: supply and demand. A school board can't really plan on having a program that would be a continuum because they'd never know where the supply and demand is. It's the same as, for baseball fans here, the Field of Dreams: If you build it, they will come. So if you have a program that people are respected in, those programs will continue because there's a need for them. It has just been funding problems that have not allowed that to happen.

Mr. Peter Tabuns: Thank you both. I really appreciate the presentation and the answers.

The Chair (Mr. Pat Hoy): And thank you.

CANADIAN FEDERATION OF STUDENTS

The Chair (Mr. Pat Hoy): Now I call on the Canadian Federation of Students to come forward. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning; in this round, it'll come from the government. I just ask you to state your names for our recording Hansard.

Ms. Sandy Hudson: My name is Sandy Hudson.

Ms. Nora Loreto: And my name is Nora Loreto.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Sandy Hudson: Thank you for the opportunity. Again, my name is Sandy Hudson. I'm the Ontario chairperson for the Canadian Federation of Students. The federation represents over 300,000 members across the province and over 600,000 members across the country.

In this presentation, I intend to make clear to all what these 300,000 members, their parents and their families are thinking about coming into the coming election. I also just want to make clear that the media is certainly listening to what these folks are concerned about when it comes to post-secondary education because we just received our seventh gold star on one of our media releases, from Canada NewsWire, which just means that we've been having a number of media releases that have been the most-accessed media releases of the day when it comes to post-secondary education. So folks are paying attention and they are concerned.

Tuition fees in Ontario are the highest in the country. Students are paying an average of \$6,300 this year for an undergraduate degree and \$9,000, on average, this year for their graduate education and can expect to pay as much as \$30,000 for a professional degree in this province.

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Student debt in this province is also at a record high—at \$37,000, if we take into account both OSAP loans as well as private lines of credit and private loans that students are accessing. In short, I think that this just demonstrates that we are facing an access crisis, as students find it more and more challenging to succeed while trying to afford the incredible personal, up-front cost of post-secondary education. For those students who do manage to get their foot through the door, I can tell you from personal experience that it is impossible to measure up to

your more wealthy classmates when you're trying to hold down three part-time jobs just to make ends meet.

The people of this province, and I would hope that you as well, believe that access to post-secondary education shouldn't be dependent on how wealthy or economically disadvantaged one or one's family is. But the way that the system currently operates, we are entrenching and further exacerbating the divide between the rich and the poor in our society, and Ontarians are well aware of this.

A recent poll that we conducted along with the Ontario Confederation of University Faculty Associations just this month stated that 73% of Ontarians believe that post-secondary education should be of a high priority, and about 70% are concerned about the affordability of post-secondary education.

In addition to the ethical question that I've highlighted, the inaccessibility issue also endangers the economic and social health of this province. We have to realize that students are graduating with mortgage-sized debts. This is going to impact how they are going to participate in our economy, and it's going to impact their ability to access high-cost professional programs like law and like medicine. It's also going to impact our ability to fill the 70% of newly listed jobs that all require a post-secondary education.

Post-secondary education is no longer an option; it's a necessity to become a middle-income earner. That is something that should be afforded to all people of this province. But if the government and future governments continue the example that has been set over the last few years, we will see low- and middle-income earners denied the economic mobility from which generations of post-secondary graduates before them have benefited.

Students this year, and year after year after year, have called upon the government to address the access problem. We're recommending that the budget make clear the government's commitment to access and equity in post-secondary education by immediately implementing a tuition fee freeze that is fully funded and province-wide at the college and university level. In addition, the government has the ability to provide better financial assistance. I think that you will all like this one because it is cost-neutral and very creative: We're recommending that the government reallocate funding for provincial tax credits that are related to post-secondary education into upfront, need-based grants.

We also have to discuss funding for post-secondary education. Because of the increased reliance on tuition fees and the steady withdrawal of funding from the post-secondary sector by the government since the 1980s, students today are paying about half of the true cost of a post-secondary education in what should be a public service. The result is that students in this province experience the worst student-faculty ratios in the country, and colleges and universities contend with the lowest per-student funding of post-secondary education in the entire country and, indeed, most of North America.

The result of this has been the complete erasure of departments and programs at various institutions and an

unfortunate reliance on sessional and part-time instructors. These instructors are often teaching at up to three institutions in the province and have little time to devote to the academic development that students require. In order to address the funding issues, we're asking that the government commit to increasing per-student funding by at least 2%.

In our submission, you'll note that our vision for post-secondary education is one that is holistic and suggests a multi-ministerial approach to addressing major problems throughout the sector. We believe that this approach better reflects the widespread benefit that education has to many aspects of our economy and our society. For example, we recommend that the Ministry of Infrastructure respond to the issue of deferred maintenance at our institutions. We have a situation where the shortfall of deferred maintenance amounts to \$2 billion. This means that there is a lack of proper classroom and laboratory space and a lack of office space for graduate students, instructors and academic support staff. This undoubtedly affects the quality of education that our students are receiving.

We made a submission at the consultations for the 10-year infrastructure plan, and we recommend that funding be injected to address the backlog in deferred maintenance. We hope that funding will amount to at least \$300 million. We're also appealing to the Ministry of Energy and hoping that a commitment will be made to provide funding for the energy retrofitting of deferred maintenance, which will amount to long-term savings for the government on energy costs.

There's no doubt that there's much to be done to address the issues facing students in the post-secondary sector, but the most pressing issue in the minds of our members and in the minds of their families is the inaccessibility of post-secondary education. We look forward to a budget that is going to make access and equity a reality for more Ontarians.

Thank you very much.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation. The questions will come in this round from the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Sandy and Nora, for being here and for your presentation today on behalf of the Canadian Federation of Students.

I have just a couple of technical questions. I was reading—fabulous submission; it's going to be a lot of night reading, but thank you—about who the Canadian Federation of Students are. So I open to page 1, and I see the representation of all of your 37 student unions. Is the federation across Canada, and you're the Ontario chapter? Is that how this works?

Ms. Sandy Hudson: Yes, it is.

Ms. Leeanna Pendergast: Okay. We heard from several, probably, of your members throughout the province as we travelled last week: in the north, the east, the west, the southwest, all over the province. And some of the things that we're hearing from you today—we've heard other things as well, so I'm going to ask you your

thoughts on some of the stuff that we've heard from your student unions that we haven't heard from you today. But I'm also going to—oh, well, I want to start with your seventh gold star. Congratulations.

Ms. Sandy Hudson: Thank you.

Ms. Leeanna Pendergast: That should have been the first thing out of my mouth. That's fabulous. Well done—very impressive.

Look, I'm an English teacher and a high school vice-principal. When I look at these numbers, I need a calculator, because we're a budget committee. When I open to pages 2 and 3, is this the ask? I got to \$34 million plus \$60 million plus \$136 million, \$10 million, \$117 million, \$120 million. Do we have sort of a total rough estimate of what the millions add up to?

Ms. Nora Loreto: I'll take the question. We haven't added up the total ask.

Ms. Sandy Hudson: Did you add it up?

Mr. Bas Balkissoon: It's \$900 million.

Ms. Nora Loreto: Yes. The sector is in dire need of funding across the board. We recognize that decisions are being made with an eye to certain priorities. With an eye to the election, we're going all out with our recommendations, and we hope to see at least some of our recommendations reflected in your budget.

Ms. Leeanna Pendergast: Well, that's a good strategy. Start with the \$900 million and take it from there.

Ms. Sandy Hudson: We thought so.

Ms. Leeanna Pendergast: Just a couple of more points of clarification: On page 3, you talk about, for instance, the Ministry of Energy—\$100 million for 5% of existing deferred maintenance backlog—and the Ministry of Northern Development and Mines. I fast-forwarded to page 17 to see that cost estimate of \$10 million for on-campus housing. We heard that some of the northern universities have up to 40 campuses or communities that they serve as well as several campuses. Where do you get these numbers? Where do you get, for instance, that for the north, the campuses there would need \$10 million to expand on-campus housing? When we were up north, we didn't hear these numbers. I'm just looking for some consistency.

Ms. Nora Loreto: Sure. A lot of these estimates come from the requests of our membership, who have identified that, because of low vacancy rates in their communities, it's almost impossible to find housing. These would be small grants to encourage campuses to build more residence spaces to ensure that students had access to living that was, in costs, in line with their budgets.

Ms. Leeanna Pendergast: Okay. So these are estimates from the Canadian Federation of Students—

Ms. Nora Loreto: From the Canadian Federation of Students, yes.

Ms. Leeanna Pendergast: —and not necessarily from whatever ministry you've named?

Ms. Nora Loreto: No. We do our own research. Any of these numbers, if you want them broken down further or our methodology behind them, we can explain all of that, yes.

Ms. Leeanna Pendergast: Excellent.

I'm going to go back to your summary of recommendations. Student financial aid, the tax credits: We've heard consistently, I think, that students prefer the up-front help as opposed to the tax credit at the other end, and tuition freezes or grants. I'm specifically interested in decreasing the parent contributions. I don't see that in your submission, but I have three teenaged sons who are ready to go to university, so I'm interested in where you stand on the parental contribution decrease.

1600

Ms. Sandy Hudson: We are in favour of that. The fact of the matter is that the way that OSAP calculates need does rely very heavily on parental contribution. We've heard time and time again from our membership that that often amounts to an amount that is awarded to students that is not at all adequate to assist them in the financial assistance that they need to access post-secondary education. That can be for many reasons: from not having a relationship with parents anymore to not taking into account the financial realities of the family that aren't asked for in the OSAP document.

Ms. Nora Loreto: If I can add, we had to pare down our recommendations, because obviously we've got a lot of ideas for how to improve OSAP. One of our documents, which we submitted last year to the post-secondary education secretariat, had about 29 suggestions on how to reform OSAP, and that was absolutely there. So if you're interested in seeing the rest of our suite of OSAP reforms, we'd be happy to get that to you.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation. Unfortunately, the time has expired.

Ms. Sandy Hudson: Thank you.

HAMILTON ROUNDTABLE FOR POVERTY REDUCTION

The Vice-Chair (Mrs. Laura Albanese): Now I call on the Hamilton Roundtable for Poverty Reduction to come forward. You will have 10 minutes for your presentation, and that could be followed up with up to five minutes of questioning. This round will be coming from the official opposition. Whenever you're ready, you may start. If you could please identify yourself for the purposes of Hansard.

Mr. Craig Foye: My name is Craig Foye, and this is a fellow member of the Hamilton Roundtable for Poverty Reduction, Sandy Leyland. Thank you very much for the opportunity to speak to you today. I'll speak first, and I will try and leave ample time for my colleague Sandy to speak.

We appear before you today in order to try to communicate an emergency situation with regard to the inadequacy of provincial social assistance rates, and also with regard to the inequitable clawback of the Ontario child benefit from Ontario families who are also in receipt of provincial social assistance benefits. The overarching message that we would like to leave you with

today is that we are in an emergency crisis situation with regard to poverty levels, and particularly with regard to the depth of poverty that we're seeing in our communities across Ontario. Because this crisis has been with us for some time, it's sometimes tempting to forget the importance of remedying the situation, particularly in difficult economic times. We would suggest to you, however, that these are precisely the times when it becomes most important to remedy the situation. It is vital to remedy the situation, we would suggest to you, both for the present and for the future of our community.

For the present, we are seeing numbers of people accessing our food banks in our communities which are unprecedented, and we are seeing rampant economic evictions at the Landlord and Tenant Board. Homelessness and dire poverty are everywhere in our communities, and there's no question that many families in our communities are faced with the tragic choice every month of paying the rent or feeding the kids, particularly those families on provincial social assistance rates.

For the future, we know that the levels of poverty in our community will have dire repercussions for the future of public health, education levels, crime levels and employment levels in our community. It is crucial to note that inaction on economic security issues in our community now is like a mortgage on the future of our communities in Ontario.

The legal clinic regularly witnesses individuals on provincial social assistance rates who are unable to meet even their most basic subsistence needs on those benefits, particularly single, unattached individuals, whose benefits have actually substantially decreased since 1994.

Some of you may recall that our clinic in Hamilton previously drafted a proposed piece of legislation that was introduced as a private member's bill on June 4, 2007, by MPP Ted McMeekin from Hamilton. That act was called An Act to establish the Ontario Social Assistance Rates Board. The rates board would have been an expert panel that would have recommended social assistance rates to the government of Ontario on an annual basis, based on an analysis of the actual cost of rent and other basic necessities in communities across Ontario. Since that time, we've continued to advocate with government to implement a process for determining evidence-based social assistance rates.

Our first recommendation to this committee is, whether in the form of an extra panel or some other mechanism, we strongly suggest that the government of Ontario immediately take steps to introduce evidence-based social assistance rates in Ontario, that is, rates that are based on the actual cost of rent, food and other basic necessities.

As a second recommendation, in the interim, we would respectfully request that the government of Ontario immediately institute emergency benefits that would help individuals and families in Ontario ensure that they can pay for basic necessities while they await the completion of the social assistance review. I should mention that we do applaud the government very strongly for the

introduction of the social assistance review. We suggest that it is strongly needed. However, there is an emergency situation, and we would ask that the government implement some types of emergency benefits, such as the healthy food allowance being suggested by the Put Food in the Budget campaign, or a housing allowance, as has been suggested by the Housing Network of Ontario and others.

We also take a moment to speak for a number of groups in our community who have been concerned for some time with regard to the implementation of the Ontario child benefit. These groups have been organized in our community by a professor emeritus from McMaster University School of Social Work named Sally Palmer, have actually written to the Premier, have spoken with the minister with regard to this, and we speak to you again today. We've supplied a chart as an attachment to our submission today. It's showing that, in fact, the full financial benefit of that Ontario child benefit is not being received by families who are in receipt of provincial social assistance. Further, between those families who are on provincial social assistance, there is inequitable treatment of how much of that they receive. That is because with the increases in the Ontario child benefit, there has been a concurrent concomitant decrease in the basic needs allowance portion of provincial social assistance, as well as some other social assistance benefits. The round table agrees with this dedicated community and professional groups that, in fact, it is short-sighted and extremely unfair to penalize those children whose families are in receipt of provincial social assistance.

The chart, I should mention, was provided to us by our sister legal clinic, the Income Security Advocacy Centre in Toronto. They unfortunately were not able to present to you, were not chosen to present to you. We would suggest that you seriously look at their recommendations when they come in their written submissions.

As our third recommendation, we respectfully request that the government of Ontario immediately reverse the cuts to provincial social assistance benefits for families in Ontario so that they receive the full amount of the Ontario child benefit without any related clawback of their provincial social assistance benefits. Thank you.

Ms. Sandy Leyland: My name is Sandy. As Craig said, I just want to tell you some stories that I've had. I've been a member of the round table since it started five years ago, and I'm living in poverty. I'm well educated, but I cannot find a job.

In July, I was laid off from my job. By January 2007, I had to go on welfare. I went from making just under \$1,100 a month to trying to subsist on \$520 a month and pay my rent from \$425 a month. Thankfully, I had a forgiving landlord who helped me out through that. At the same time that I had to go on welfare, I was also diagnosed with breast cancer. So I had dual stress; I'm surprised I don't have major ulcer problems today because of it—trying to handle a fresh diagnosis of cancer and trying to live on welfare.

Then I was able to go on ODSP, which increased my budget by some, but it's really hard. Unless you have been poor, unless you have lived in poverty, you have no idea of the daily stress of trying to make ends meet, of trying to have your kids have shoes on that are not held together with rubber bands or duct tape. It's inhuman, the treatment we get. I don't think it's meant to do that, but it's number crunching. What you're doing is you're hurting a huge number of people who are trying their very best.

Most people on welfare and ODSP don't really want to be there. Some have to be there because they cannot work and some of them—but most of us want to work. Jobs are disappearing from Hamilton at a rapid pace, and trying to subsist on no money is just terrible. It's dehumanizing us. We feel like we're being punished for being on assistance. What we need is enough money to live on so that we can go out and rent affordable housing.

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I had to move out of my apartment, and it took me six months to find a place. The reason I had to move out was because it was overwhelmingly covered with black mould. I couldn't live there any longer. I had to go; my health depended upon it. It took me six months to find a place that is adequate, not even good. I live on the second floor of a house, and my main door coming into the apartment is a closet door. It's not even standard; it's below code. But it took six months.

My son and grandson live together—a 16-year-old and a 38-year-old—and they have to share a bedroom. He's on welfare; he cannot afford a two-bedroom apartment. A 16-year-old boy should have his own room, and the dad needs his own room, too, so they could have a small space that is private where they can sit and read a book or play a video game or whatever. They can't afford that. They really need to have that. It's a struggle. I help them sometimes. I'm struggling, but I still have to help my boys if they need a bag of milk or a loaf of bread. Whatever they might need, I'm there to give it to them, but I really shouldn't have to. They should be able to have enough money.

My oldest son's apartment is on the third floor of a house. There's no hinge on the bottom of his door. He has gone to the building inspectors; he has done everything he's supposed to do, but there's still no hinge on the bottom of his door. And there's only one door going into his apartment—he has no fire escape—but he has to live there because he can't afford to live anywhere else. He's constantly improving and going through whatever the welfare department and career development have in Hamilton to improve and give himself better chances to get a job. He has done a welding course. He got his training for forklift operation. It's extremely frustrating.

This stress makes a lot of people depressed. Our health is being greatly impacted by the fact that we can't live a decent life; we can't eat healthy.

Because of the cancer I had—I'm in remission now—I have to take a chemo pill every day, and that impacts the calcium deposits in my bones. My radiologist told me a

couple of weeks ago that she wants me to be on supplements—vitamin D, calcium—and to eat a lot of cheese, drink milk and eat yogurt. I can't afford the cheese, I can't afford the supplements, and I don't like yogurt. I can get a glass of milk once a day. That's all I can have, because I can't afford to drink any more milk than that. So my health is being impacted by the fact that I'm on ODSP. My son, my grandson—their health is impacted; their lives are greatly impacted because of the inadequate amount of money that we have to live on.

The Chair (Mr. Pat Hoy): Thank you. We'll move to the questioning now. It's the official opposition. Mr. Barrett.

Mr. Toby Barrett: Thank you. There's no question that many sectors in Hamilton have been kicked in the teeth in the last number of years.

You talked about the clawback of the Ontario child benefit. It has come to my attention—I don't know whether this refers to social assistance recipients in general—that if people on ODSP, for example, are receiving family support for their children through the Family Responsibility Office, FRO, apparently that's clawed back. Oftentimes, it would be a single parent who is on ODSP, for example, and the money is for the children, as I understand it. That money is subtracted from their cheque from the Ontario government. Does this also occur with other social assistance programs?

Mr. Craig Foye: Child support payments were set up to be deducted, dollar for dollar, under current provincial policy. So that is true, Mr. Barrett. There is currently a case at the Ontario Court of Appeal dealing with those benefits for adult children. So there is some grey area right now there, with regard to some children. However, under current provincial policy—the way the ministry interprets it—those are deducted dollar for dollar.

Mr. Toby Barrett: From the recipient?

Mr. Craig Foye: Yes.

Mr. Toby Barrett: Certainly, that is the case with ODSP, as I understand.

Gail Nyberg's social assistance review has been completed and some recommendations were made, but from what I understand now, it has been replaced by another review. We won't hear about that until after the election, probably months after the coming election. Any comments on that? Where do we stand with this Gail Nyberg inquiry?

Mr. Craig Foye: My understanding is that the Social Assistance Review Advisory Council last year was set up to do two things: first of all, to make recommendations with regard to the scope and the process for the upcoming social assistance review, and to also make some recommendations for changes that could be made immediately to the system. I know that there were a number of recommendations made, first by that advisory council, I believe, last summer. Four or five of those recommendations were implemented by the government. I believe that the rest of those recommendations remain non-implemented right now.

You are correct that the social assistance review is scheduled to take 18 months, which does leave it to after the next provincial election. We think that's a very important review. However, as our submission sets out, we do think that this is an emergency situation right now. At the community legal clinic we're well placed to comment on that emergency situation. I regularly see people on provincial social assistance. I often act as duty counsel, for instance, at the Landlord and Tenant Board. I regularly see families where I have to advise them to be evicted, because they're, say, on Ontario Works, and, never mind being able to enter into a repayment agreement with their landlord; they can't even afford their next month's rent because of the low level of benefits they're on.

So this is going to have serious effects for our community. I would suggest that it's an emergency situation and therefore that is why we submit that the government, in anticipation of the completion of the social assistance review, should implement something like a healthy food benefit or a housing allowance to ensure that people can eat and remain in their homes while in receipt of provincial social assistance.

Mr. Toby Barrett: This committee, actually for a number of years, has been receiving input on ways of alleviating poverty. One thing we've heard for a number of years is the importance of reducing barriers to people on social assistance—or ODSP, for that matter—barriers to work, and to encourage employers to accommodate people, to eliminate, again, the clawback where half the money you make is used to fund the program; things like clawing back those FRO payments; limits on assets you can have in the bank. Any thoughts on that kind of stuff?

Mr. Craig Foye: Certainly. We definitely do agree. A lot of the things that you're mentioning, Mr. Barrett, are in the recommendations of the Social Assistance Review Advisory Council. For instance, asset levels have been recommended by various agencies, including the Income Security Advocacy Centre. Their written submission is coming, and I think that will be a very important written submission for this committee to heed.

Asset levels, if I can just pick one issue that you've brought up there—unfortunately, our current system right now really requires, particularly for Ontario Works, that people become totally destitute before they're able to receive benefits. I think we can all take some type of notice here that if you're forcing individuals and families to become totally destitute before you give them help, then it's going to be a very long road back before they're going to be in a position to be productive participants in society again.

Mr. Toby Barrett: Thank you.

The Chair (Mr. Pat Hoy): And thank you for your presentation.

Mr. Craig Foye: Thank you very much.

The Chair (Mr. Pat Hoy): For the committee, our next presenter has cancelled.

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CANADIAN HEARING SOCIETY

The Chair (Mr. Pat Hoy): If the Canadian Hearing Society would come forward, please. Good afternoon.

Mr. Chris Kenopic (Interpretation): Good afternoon.

The Chair (Mr. Pat Hoy): You have 10 minutes for your presentation.

Mr. Chris Kenopic (Interpretation): Thank you very much for the invitation. It's great to see so many of you. I did see you in London while our regional director presented, and then in Thunder Bay you met another one of our regional directors, so I'm not going to repeat the messages that have been given to you to date.

Again, we're focusing on mental health and employment services that the Canadian Hearing Society does offer. We're talking about the programs that we would like to support.

Across Ontario we know that there are 4,100 individuals who are recipients of Ontario disability support program, ODSP, which gives us a cost of \$4.3 million. We know that across Ontario there are 8,200 recipients of Ontario Works who are deaf or hard-of-hearing, which brings us to a total of \$4.8 million. ODSP and OW: That would be a grand total of \$9.1 million that are being spent.

At CHS we have our employment services, and we're asking for \$2.6 million in an increase. That is about the specialized services that we can offer. We work with individuals who have hearing loss to accommodate their communication needs and support them in seeking employment. Unfortunately, across the province of Ontario many deaf, deafened and hard-of-hearing individuals, whether they have degrees, certificates, what have you, are still not able to find employment because of the barriers. People who are being hired, typically what happens is, the employer is more worried about the hearing loss than the abilities that that person has. They worry about training them because of the hearing loss, and we see that as an ongoing barrier. Myself as a deaf person, I understand those frustrations; I have been through those in the past. I have seen them time and time again.

Speaking of mental health, across the province of Ontario we know that there is \$410 million that is being spent annually for community mental health care in Ontario. One per cent of individuals are deaf and don't have any access whatsoever to those services; that would constitute \$4 million for that 1%. I want to ask you to look at expansion now for those who are not only deaf but deafened and hard-of-hearing and think about that number; that would bring us to \$40 million.

Community mental health programming for deaf and hard-of-hearing individuals is completely—well, there isn't any, except for Connect, which we run on a \$3-million budget; that's it. When we think about the numbers of those individuals who truly need a service such as ours, it far exceeds what we can offer.

We have so many deaf and hard-of-hearing people who are in institutions, psychiatric institutions and what-not, and we know that it sits at about \$250,000 to house someone in an institution. But they are sometimes spending up to \$1 million on somebody who is deaf or hard-of-hearing because of not having the accommodations. So they're expending a great deal on these individuals to keep them in institutions when they don't belong there.

Our services know of about 12 to 15 individuals in institutions who have not received the appropriate support, counselling, and have not been given what they need. That's at a cost of \$15 million for those individuals. It's very unfortunate. I know that that's not what we want to see; we don't want to see these dollars being spent in that way. CHS, as well as the government, wants to be accountable in the spending to ensure that our clients are getting the support that they need.

Our request is that CHS have an additional expansion, and that would be at \$4.3 million, the court diversion program at \$2 million, and then employment services at \$2.6 million, which would be \$8.9 million in total.

Over the past five years, we have been receiving an annual base funding amount, 2%. That has been good, but what we've looked at is the actual cost over the past years, and it's about \$250,000. That's \$50,000 that we're receiving. And we do appreciate that; we do. But more or less what we call that is a band-aid solution, because it's not enough. It's not enough to really cover the true expense of the program, the clinical support that's happening for each of our consumers in the mental health and addictions programming that we offer.

The actual cost, on an annual basis, should be 7%, which would bring us to a total of \$1 million. That would be about \$200,000 annually as an increase. I think that just is more realistic, to ensure that we're able to provide the services and able to expand the services for mental health, for counselling, for clinical support.

We think about the risk-based funding and the way it has been progressing. We know that we have the programs and everything has been status quo, more or less. We haven't been able to expand. We haven't been able to really reach those far-lying rural areas. We've been limited in our scope. We've had to be limited within the full-time staff equivalents that we've had: Within the northern Ontario area, we've had to cut one staff member, and I have to say, we just don't have the ability to provide the services. We have a collective agreement in place, and every year, the unionized staff get an increase. The funding doesn't keep up with that, which causes us, in the end, to have to cut staff.

When we think about those rural areas, we have one staff member travelling a great deal of distance just to meet with one consumer or another. And then, of course, accommodation is another issue on top of that.

We're hoping that all of this information is beneficial for you and will help you give some consideration to this request. We're not coming here and saying that we need the money; we're coming here to say that we want to work with you. We want to look at the big picture,

because we need to see changes. We need improvement. It has been neglected for far too long.

CHS has been here. We've had CHS day at Queen's Park. We've met with many MPPs, and we've done that over the past five or six years. I don't know how much longer this will hold out. We're in the position now where we need to cut more staff. We need to cut more mental health services that we currently are offering, and as a consumer I take that very seriously, because I know that consumers such as myself across the province are needing this service. We can't neglect it.

So I'm asking you today to please listen, to please work with us, so that we can make changes for the better. Thank you.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the NDP. Mr. Tabuns?

Mr. Peter Tabuns: Chris, thank you very much for the presentation today. Can you tell us if there are other jurisdictions in Canada that address the issues that you are presenting to us, address them in a way that's far more thorough and actually changes the situation that deaf and hard-of-hearing people are facing?

Mr. Chris Kenopic (Interpretation): I think that you should in fact be very proud of the mental health services that we offer, because we are the only service of its kind in North America: the one that provides clinical support services to the consumers we work with. We have training. We know that there are many US agencies and states that are contacting us, asking us for our expertise and training and what have you. We provide the services not just to culturally deaf—so those using ASL—but also deafened and hard-of-hearing individuals as well. So we know that we're able to provide that specialized service, and we're able to do that.

Mr. Peter Tabuns: Can you give us a sense of the scale of the waiting lists of people who have indicated they need your services and whom you can't get to immediately?

Mr. Chris Kenopic (Interpretation): Yes, we can. We have a waiting list, and I am personally opposed to waiting lists in the whole intake process. I say that because I'm a consumer, and I understand the frustrations: that so many consumers, when they need communication, when they have a need, are needing that immediately. Right now, we have 250,000 individuals across the province who need the service. We're providing this service currently to about 500 individuals. That's it. That's at capacity.

We only have 19 clinical counsellors. We've had to let two or three of them go, as I said, because of the increase in cost. We are even more restricted than we were even recently. So the service is limited. I would, again, want to point out that in the rural areas, more than northern Ontario, it's even worse than it would be in southern Ontario.

Mr. Peter Tabuns: And those people who are not able to access your services, how are they making do?

Mr. Chris Kenopic (Interpretation): They attempt mainstream mental health services but then you're

talking about accommodations. It's very difficult to even find an interpreter in the first place, and then to have the interpreter, or captionist, if that's the preferred method. Then, of course, there are the language issues.

Our language is American Sign Language, which means that now we have a service provider that we're trying to communicate with but going through and working in a second or third language. It presents even more barriers, so the clinical support that's needed isn't necessarily given with those mainstream service providers because they don't understand the depths, they don't understand the communication barriers, they don't understand the barriers in general that are faced.

For example, if I had a hearing family, the depression that I would feel because I can't communicate with my family. I know they don't understand me and my communication so I need to make changes to myself to work with my family. A mainstream provider wouldn't understand that. They wouldn't understand the daily barriers. They don't understand the needs an individual would have. That's where Connect would be able to understand those needs, have the response, have the resources and the support to support this person so that they're then able to become healthier and deal with those issues.

I hope that answers your question.

Mr. Peter Tabuns: Yes, it does. In fact, I thank you for all those answers. It was very helpful to me.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Chris Kenopic (Interpretation): Thank you very much for the invitation. Have a great day.

The Chair (Mr. Pat Hoy): Our last group has not arrived yet, so we'll recess until they do, or until 5 o'clock.

The committee recessed from 1632 to 1642.

SHARE THE ROAD CYCLING COALITION

The Chair (Mr. Pat Hoy): The committee will now come back to order. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. It'll come from the government, in this case. I'd just ask you to identify yourself for our recording Hansard, and then you can begin.

Ms. Eleanor McMahon: Good afternoon, Mr. Chair. My name is Eleanor McMahon, and I'm the CEO of the Share the Road Cycling Coalition, an Ontario-based cycling policy and advocacy organization. It's nice to see you again. I see many familiar faces around the table.

Mr. Chair, I do have my remarks, but I also have a leave-behind, as called for, so I'm going to skim through this very quickly with you. Most of the committee members who know me know that I'm a fairly fast talker, but even I can't do this many slides in 10 minutes, so I'll do my best.

I should start by saying that I was in your neck of the woods, Mr. Chair, last week and spoke at a Windsor-Essex county health forum. So I'm hoping that you'll be

hearing from your local mayors and councillors about what we discussed.

I do want to just begin my presentation in a light-hearted way, with a picture of Copenhagen. I had the pleasure of being there this summer at a global cycling conference, but this is how they remove snow in Copenhagen, which gets as much snow as many Canadian cities, and still they manage to have one of the largest cycling populations in the world. There are more bikes than people in Copenhagen, as many of you know. Of course, I look at this as a future state of cycling in Ontario, where if we clear it, they will come, and if we plow it, they will cycle. I always like to get in that cycling is fun, fast, cheap and good for you.

I'm going to just briefly talk about who we are and some of the benefits and then make the case for an Ontario bicycling investment fund. It wouldn't be the finance committee if I didn't ask for funding, and so, like any good advocate, I'm going to do that.

Briefly, as many of the committee members know, I'm here today as the CEO of a growing cycling movement, but because of a sad loss. My husband was killed. He was an OPP sergeant. We tragically lost him in a cycling collision in 2006. It is because of him that I'm here, and it's because of him, and in his memory, that we work to make our roads in Ontario safer and better for cyclists.

In response to that tragedy, we got going and spent a couple of years doing an environmental scan, a significant amount of research. And as many, again, of the committee members will know, I've travelled internationally and looked at best practices in cycling, both in the US and in Europe. Our mandate is really all about uniting cycling organizations and cyclists from across Ontario and working with the municipal sector, partners like AMO and OGRA, to really give municipalities the tools they need to become more bike-friendly. I spend my time trotting around the province and talking to mayors and councillors. In fact, I was headed to Sudbury tomorrow but because of the impending weather had to cancel my trip.

Our objective is simple: to make Ontario more bike-friendly and to get people on bikes more often.

A bit of a word on our focus: Harnessing political will is a big part of what we do, talking to groups like this, Mr. Chair, if I may, and certainly promoting cycling whenever and wherever we can.

This is a bit of a highlight slide on our work. We have two Ontario bike summits behind us; some of those on your committee have attended and spoken at those. A green paper on cycling in Ontario which we contributed is part of the MTO's process on creating a bike policy for Ontario. One is now written. We expect it to be released imminently. Thousands of cyclists engaged in rides and events across Ontario; eight are planned in communities across Ontario this summer.

Of course, legislative change: I'm happy to say that in my husband's memory, Greg's Law was passed and went into effect December 1. Bill 26 is an amendment to the Highway Traffic Act dealing with suspended drivers. I

thank members of the Legislature for that. Two private member's bills have come out of our legislation. They both have gone through second reading, one I'm happy to say tabled by Mr. Miller dealing with paved shoulders and another by the transport critic Cheri DiNovo of the NDP, dealing with the three-foot passing law.

Of course, there's our bicycle-friendly communities program.

Here are some of our partners, Mr. Chair and members of the committee.

Of course, why cycling? Well, there's growing recognition that cycling contributes to mitigating and tackling all of these pernicious problems. It also adds to our wealth through tourism and leisure. I am going to talk about that in a moment because there is a growing list of municipalities in Ontario that are reaching out for cycling tourism as a mechanism for economic growth.

That said, however, the economic benefits of cycling are not fully understood. Consequently, it's not viewed as a mainstream mode of transportation, and that has led to a systematic underinvestment. When we look at making the economic case for cycling, I'd just like to share very briefly some of the data many of you will already know.

I've talked about climate change mitigation. Of course, Ontario has its own objectives. We see cycling as part of that portfolio in terms of mitigating climate change impacts.

We all know about obesity and the growing obesity epidemic in our children. Some statistics that are compelling: We quoted a study in our green paper on cycling. In 1971, 85% of Canadian children rode a bike or walked to school. I know; I was part of that. I'm of a certain age. Now it's less than 15%. This, of course, has contributed significantly, I would argue, to the growing obesity epidemic in our children. They bus increasingly, or their parents drive them to school for all kinds of important reasons. I'll get to that later in terms of some evidence.

Again, just more information: One study I like to quote is the one at the bottom, the archive of internal medicine study in Holland where they looked at 30,000 subjects in a broad age range and looked at their decreasing mortality rate because of their cycling habits. Of course, they've calculated, interestingly enough, in the Netherlands, where cycling is a way of life, that 20 minutes a day nets you 10 billion euros a year in savings in terms of your health care costs—impressive indeed.

More statistics, this time from Health Canada, of course: The bottom line is that active transportation and cycling save money and save the planet.

A bit of an overview for you in terms of what Ontario is doing compared to our neighbours: There's a considerable amount in the United States; that's just some legislative constructs that they enjoy that we do not. The US has taken up the challenge of active transportation driven largely by energy security, liveability and an increased desire to lessen their reliance on oil, interestingly enough. That won't surprise you. But what are they going to spend? It's \$5 billion on cycling in the US over the next 10 years.

We don't have a federal construct in this country. I am part of a national effort. We won't talk about that today, but I think there's room for Ontario to make the case through the minister and elsewhere that we should have an active transportation strategy federally. We're one of the few western countries that don't have one.

Of course, when you look at what they've spent in the US versus what we've spent, and what their politicians say—this quote is from the Secretary of Transportation; I was there when he said it: "Bicyclists have a full partner in working towards liveable communities"—a significant statement.

1650

Again, our neighbour right here in Canada, Quebec, has spent \$200 million and they net \$134 million a year—impressive figures. BC has a fund to which municipalities can apply for grants. That's the \$31-million Bike BC fund. Again, it's fairly significant.

In Ontario, I think this committee will know what the picture for transportation looks like. Active transportation is not part of that envelope, unfortunately. We would like to see that happen. Why? Because there needs to be a more equitable share of Ontario's resources for people who want to cycle now but can't and don't, and for all the reasons we've discussed.

Why don't Ontarians cycle? We did a survey last year and we looked at why. Some 60% of them said they're too frightened to cycle. That's not surprising, but they also said in large measure that they would if governments invested in infrastructure. Imagine if we converted 10% of the people who aren't cycling now. I'm not actually interested in the people who are cycling now, God bless them. I'm interested in getting those people who aren't cycling to get on their bikes, even for 20 minutes a day, given the important health outcomes.

Here's just a little bit of the survey work that we did and here are the results. AMO was included in this survey in four broad areas. Their number one priority: They want the Ontario government to fund infrastructure—86% of them, an overwhelming measure; education; public awareness and promotion, promoting cycling; and, of course, enhanced legislation, making our roads safer. All of those made the list. All of this is on our website. Our green paper is a living document and this is against the drop of some growing popularity.

I want to talk very briefly now about cycling tourism. At our AMO booth last year I saw probably 200 mayors, at least, over the two days that I was there. The number one priority for them, closely followed by safety, was economic development and tourism.

I'm on a task force for a trail along Lake Erie that's being developed and discussed, and one joining Sault Ste. Marie and Sudbury. We are having three bike summits this spring to discuss tourism in places like Guelph, Sault Ste. Marie and Peterborough. Why? Because municipalities want to discuss this. They see it as a way to embrace cycling, they see it as a way to get their people healthier, and they see it as a way to really focus on developing that economic development.

I do want to just add quickly that there is right now—it has been written—a comprehensive bicycle policy the MTO has developed. I would ask members of the House to look at that when it comes out and give it their full attention. It's in the government's hands. Actually, it's in Minister Wynne's hands as to when it gets released. We're hoping it will be in this election year very soon and that we'll have a chance to discuss it.

I'm going to go through these as my final points very quickly because we do have some fresh polling and I thought it was important to share it with you.

There is a myth out there that tends to frame the cycling conversation, that it's a polarized discussion, cyclists versus motorists. We found that it was quite the contrary. The people we polled said that cyclists and motorists are equally responsible for making our roads dangerous and causing accidents and, consequently, both need to take more responsibility for sharing the road.

Some 71%, a large measure, agreed that we should bring cycling back into the schools as part of the curriculum, and that's certainly on our radar screen.

Of course, safety and education for drivers is something that we're talking about with the Ontario Association of Chiefs of Police and some of our other partners.

I thought this was important to share with you, in this slide deck at least, that investing in bike lanes and traffic signals to make cycling safer does not have to cost very much money, 70% of respondents replied. This is also important, I thought, because, again, it begins to address the myth that cycling is a cost-add when indeed it is a cost saver and a contributor to our economy.

Finally, we are asking for this committee to consider our request as part of the pre-budget consultation. As you will know, the HST came in last year. The piece of that which applies to bike parts and bicycles and accessories, we are informed by the industry, is \$20 million. We would ask that you consider redirecting those funds, understanding that deficit reduction is a critical priority, to the kinds of things that I've talked about and shared with you today very briefly—the priorities of municipalities, which include infrastructure, safety and education, and ways to promote cycling and make it safer; and ways to level the playing field with our neighbours to the south and our neighbours in Quebec and certainly our fellow Canadians in British Columbia.

So, really, that is our ask. We hope that you agree that investing in cycling holds tremendous potential in terms of our economy and lowered health care costs.

I'm going to leave it at that, Mr. Chair. That's probably the fastest I've ever spoken. Thank you very much. I appreciate your time.

The Chair (Mr. Pat Hoy): Thank you. We go to the government for the questions.

Ms. Leeanna Pendergast: Thank you, Ms. McMahon, for that presentation.

Ms. Eleanor McMahon: Thank you. Breathless, as it was.

Ms. Leeanna Pendergast: Well done—a lot of material, and very succinct. But thank you so much for

being here, because in our travels across the province as a committee, this is the first we've heard on this topic. So it's extremely important that we hear from you today, and, of course, our condolences for your husband, Greg. Thank you for everything that you continue to do in his memory and for cyclists in Ontario.

A couple of points of clarification I just wanted to make, and then I'm going to turn it over to my colleague Mr. Dickson beside me. I hear you saying that to create policies and legislation, we need the political will—and that would be at no cost. A finance committee loves to hear that.

Ms. Eleanor McMahon: Yes, free. "Free" is a good word.

Ms. Leeanna Pendergast: We don't use that word, though.

Ms. Eleanor McMahon: Or revenue-neutral.

Ms. Leeanna Pendergast: Exactly. And then the infrastructure, of course, would be an investment.

The Ontario bicycle policy coming out from MTO is highly interesting, and that's something that we should take a look at. Are there costs attached to that?

Ms. Eleanor McMahon: I have seen a draft of the policy, and my understanding is that there will be some cost. But, again, officials and your colleague Minister Wynne have tried to work within the framework of revenue neutrality, along the same lines, recognizing, again, that some investments will be required. It's hard to avoid those kinds of investments because it's infrastructure-related.

But I think there's a growing appreciation. Very quickly, I'll tell you that at least three municipalities that I know of, and a growing number, have passed paved shoulder ordinances, for example. Why? Because there's growing recognition that paved shoulders reduce the cost of the road maintenance over time, they're safer for vulnerable road users like cyclists and even pedestrians in our rural areas, and they just make good, sound economic sense. So investing in paving some of our shoulders, as has been discussed by Mr. Miller and others, is a contributor rather than an overall cost, I would wager.

Ms. Leeanna Pendergast: I wanted to know about the strategic partnerships. I see on page 5 that you've listed your partners. I was specifically interested in what kind of community partnerships you've established, but I'm going to fast-forward—so I leave time for my colleague—to page 16, where you say that schools should teach cycling as part of the curriculum. How exciting is that? My background is 22 years as a teacher and a high school vice-principal, and I know that when kids are engaged and active, we avert a lot of other diversionary issues. Where are you at with that discussion and how that might look?

Ms. Eleanor McMahon: That's very much in process. We are hoping to make that an ongoing debate this year. And if I may, and I'm getting ahead of myself here, we're looking at having a bike summit in Ottawa at the end of June to have the conversation about children's health in the built environment and the contribution that a

failure to keep up, I would say, with investments in infrastructure—how that has contributed to the degradation of our children's health.

This isn't a finger-pointing exercise; this is about how we can work together as planners, as municipal officials and as provincial governments to really look at this piece. It's a growing body of research in Canada, and there is—because I was just in Ottawa at the Public Health Agency of Canada—a group of officials who are working at the provincial and territorial level to mitigate those impacts and to look at how we can address these situations of getting kids to school.

There is an active and safer school program in Canada. It's mostly walking-focused. We are partnering with Green Communities Canada to look at extending that, to look at more riding-to-school programs, as exist in a growing number of US states. This is where I got the example from. I have a friend in South Carolina who runs the state coalition there. And at one of the schools in Columbia, where they piloted bike trains, they now have over 400 children riding their bike to school every day.

Ms. Leeanna Pendergast: And so that discussion would include the Ministry of Education, the schools, the teachers, the unions, the federations and, of course, the parents?

Ms. Eleanor McMahon: Right, and that work has already started through school trip planning, through Active and Safe Routes to School, through the discussions they've had with school boards. We're hoping to

pilot two programs in Halton region, where I live, and one in Durham region this year. It remains to be seen where those end up, but that's our intention.

Again, it's discussions with school boards and local community groups that have driven that conversation, and it's folks who have come to us and said, "Can we make this happen?" So that's part of the growing interest from several areas: parents, educators, school board officials looking to lower transportation costs and get away from the chaos outside the school in the morning.

When you look at incidents of collisions around schools, children are getting hit outside schools. People talk to me about liability of children on bikes, but we can manage that piece. Kids are getting hit outside the school when they get dropped off by parents, so I think that needs to be part of the conversation.

When I was in Holland three years ago, just very quickly, I sat in a classroom and watched as teachers walked their kids through the paces in grade 1, because that's where they start in Holland. Then, in grade 6, after five years of in-classroom education, they have an on-road bike test. We'd like to see this happen, and we're working very much towards that end now.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Eleanor McMahon: Thank you, Mr. Hoy.

The Chair (Mr. Pat Hoy): The committee is adjourned until 9 o'clock tomorrow morning.

The committee adjourned at 1701.

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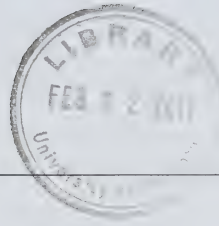
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Second Session, 39th Parliament

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Tuesday 1 February 2011

Mardi 1^{er} février 2011

**Standing Committee on
Finance and Economic Affairs**

**Comité permanent des finances
et des affaires économiques**

Pre-budget consultations

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STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Tuesday 1 February 2011

Mardi 1^{er} février 2011*The committee met at 0901 in room 151.*

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order for our February 1 pre-budget consultations.

ONTARIO COUNCIL
OF HOSPITAL UNIONS

The Chair (Mr. Pat Hoy): I would ask the Ontario Council of Hospital Unions to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this round it'll come from the official opposition. I'd just ask you to state your name for our recording Hansard.

Mr. Michael Hurley: My name is Michael Hurley and I'm the president of the Ontario Council of Hospital Unions of CUPE. I'm very grateful for the opportunity to be able to make some comments in advance of your deliberations around the upcoming provincial budget.

First of all, I'd like to talk about social assistance rates in the province of Ontario. You may not think that that's a relevant concern for a union that represents workers in Ontario's public hospitals, but the fact that social assistance rates are so low in Ontario means that people are unable to feed themselves properly. The impact of malnutrition, of being improperly clothed, of having inadequate housing, of not being able to access drugs etc., has health impacts far down the road, which results in increased rates of hospitalization and, as a result, burdens the health care system.

The stated policy of the Ontario government is for health promotion, but it's hard to imagine how a single person who receives \$580 a month on social assistance in a city where a room costs \$400 a month and where the estimates of what's required to feed a person are \$205 a month, and who therefore has no money left for clothing or any other product, can sustain themselves. The rates of social assistance in the province of Ontario are 55% lower than they were, in real terms, before the previous Conservative government cut the rates, and they really do need an increase in the upcoming budget. That's far more important than corporate tax cuts, which are only going

to favour corporations, which are already doing very nicely.

The other part of social assistance that I'd like to comment on is the special diet allowance, which is currently under review and which provides a special nutritional supplement for people who have significant health conditions and who need to be properly fed. That program, we fear, is being cut by stealth because of its rate of utilization. We believe that it's improper that a province as well off as Ontario cannot imagine that people who are sick, many of them children, on social assistance would not receive help to be able to feed themselves properly to stave off conditions which are going to result in increased utilization of the health care system.

I'd also like to comment on the government's infrastructure program. I'd really like to implore you to reconsider the program of constructing new hospital infrastructure through private-public partnerships. The cost overruns on the first four P3s are close to \$1 billion, according to the Ontario auditor, and we know that these hospitals are approximately 30% smaller in terms of both beds and staff and much more expensive to operate. The Ontario hospital system, as you know, already receives about \$260 less per capita than any hospital system in any other province. We are the most efficient measured by length of stay and measured by the number of beds we have against the thousands of the population and by the staff we have. We're already the most efficient hospital system. These 24 P3 hospital projects are going to burden that system.

They're also going to result in the cannibalization of smaller rural hospitals which are now tied into larger institutions. In the case of Sault Ste. Marie, for example, which is being redeveloped as a P3, hospitals in its orbit—for example, Matthews Memorial on Richards Landing—are under threat of closure as hospitals try to deal with their fiscal situation and also the additional costs of the P3 regime. So we'd really ask you to reconsider that.

We'd ask you to reconsider the competition that's in place in the home care system. It has resulted in a turn-over, according to Elinor Caplan's study, of about 57% a year in providers. It has resulted in a labour market where people earn \$12.50 an hour, have no guarantee of employment, have no pensions or benefits and as a result migrate as quickly as they can into the institutional sector where those conditions exist. As a result, elderly people

who are being discharged from hospital are finding a rapid turnover in their caregivers.

This situation does not exist in other provinces. In other provinces, there is comparability between the institutional sector and the community sector and there is not a purchaser-provider operation; there's not this privatization of the home care system, which is really disadvantaging people who are being pushed out of hospital—and pushed out of hospital they rapidly are, because we've closed 19,000 hospital beds in Ontario in the last 15 years. As a result, there's a push, particularly on elderly patients. I mention a woman who has been discharged from a Windsor hospital. She's dying; has two months to live; was forced out to make room for a younger patient because there aren't the beds. Our hospitals have patients stacked in ERs; they're sleeping in broom closets in communities like Sudbury.

There hasn't been sufficient investment. With the exception of Quebec, we spend the least amount of money on our hospitals. There has been a tremendous impact in terms of shortages of beds and of staff. This budget needs to make an investment in these facilities and this budget has to make a commitment to hospitals so that they can plan on a multi-year basis.

Those would be my comments. Sorry to race through them.

The Chair (Mr. Pat Hoy): Thank you. The questioning, as I said, will go to the official opposition. Mr. Arnott.

Mr. Ted Arnott: Thank you very much, Mr. Hurley, for your presentation on behalf of your membership. We do appreciate it, and I'm sure the committee will find it helpful as we continue these discussions going forward.

I want to draw to your attention a letter that this committee has received from the Groves Memorial Community Hospital in Fergus. You mentioned small hospitals in your presentation. I'm just reading very briefly an excerpt from it.

"Ten years ago, a meeting was held between the Ministry of Health and Groves Memorial Community Hospital. The attendees agreed that the hospital had a number of significant physical deficiencies and major renovations were necessary. The deficiency list included the following:

—there were no wheelchair-accessible washrooms;

—patient separation was not sufficient to readily allow protection from the spread of disease;

—the emergency department was substantially undersized relative to the number of patients being treated. Patient confidentiality was impossible; and

—various other deficiencies.

"The ministry asked that the community show its commitment to the hospital. Local residents and businesses responded to the fundraising challenge and raised \$15 million in short order. Later it was recognized that this major renovation would cost about the same as a new hospital, and it was decided that it would be more prudent to build a new campus-style facility. In early 2008 the hospital applied for a planning grant in the

amount of 15% of the estimated project. This would provide \$10,713,165 to advance design drawings and prepare the project for construction. The application still awaits a reply."

Ten years ago, the ministry and the hospital meet to talk about the need for a new hospital, and we're still waiting for a reply from the government to allow us to move to the next stage of planning for the new hospital. No one in our community thinks that there's going to be a new hospital built overnight, I don't think, but they do expect that the ministry would work with us to allow us to move to the next stage of planning.

0910

Could you comment on this in light of some of the previous comments that you made with respect to new hospital construction?

Mr. Michael Hurley: We're very anxious for communities like Fergus or St. Marys or Richards Landing or Thessalon. Ultimately, the plan is to take these community hospitals and convert them into glorified community health centres, to close down rural hospitals.

I suspect that it's perhaps one of the reasons why there has been a certain lack of attention to building a new facility there. I'm worried that the government is following the health care reforms in Great Britain. Many of the measures the government has put in place mirror the British model, including the LHINs, although they have a different name in Britain. But in Britain, there was a widespread closure of smaller community and rural hospitals when these kind of market reforms were introduced.

I think many communities are deeply committed to their community hospitals and I think that they rightly believe that a province as wealthy as Ontario should have hospitals in their communities. This is something we should all be concerned about.

Mr. Ted Arnott: You mentioned the LHINs in your answer just now. I would like to ask you what observations you would provide to this committee with respect to the performance of the local health integration networks or regional health authorities that the provincial government has established.

Mr. Michael Hurley: We're very concerned about the local health integration networks because they are a level removed from the government. The government is able to execute health care restructuring under cover of the LHIN. The LHINs themselves are not accountable; they're not elected. They work in secret; they're not consultative. So we have many concerns about local health integration networks.

Mr. Ted Arnott: Thank you very much.

The Chair (Mr. Pat Hoy): And thank you for your presentation.

Mr. Michael Hurley: Thank you very much.

ONTARIO NURSES' ASSOCIATION

The Chair (Mr. Pat Hoy): Now I'd ask the Ontario Nurses' Association to come forward, please. As you've

seen, you have 10 minutes for your presentation. There could be up to five minutes of questioning. The questioning in this round will come from the NDP and Mr. Tabuns. I'd just ask you to state your name for our recording Hansard.

Ms. Vicki McKenna: Thank you, and good morning. My name is Vicki McKenna. I'm a registered nurse and I'm the first vice-president of the Ontario Nurses' Association. With me today is Lawrence Walter. He is ONA's government relations officer.

ONA is Canada's largest nursing union, representing over 55,000 registered nurses and allied health professionals and more than 12,000 nursing student affiliates. We provide quality patient care each and every day in all sectors, including hospitals, long-term-care homes, public health, the community, clinics and industry.

On the first page of our submission to the standing committee we summarize our full set of recommendations that will keep RNs caring for our patients across the health care system. This morning, I would like to focus on why the provincial budget must consider investments in nursing to be investments in quality patient care and why the budgets of our hospitals—and in particular the hospitals—must not be balanced at the expense of the valuable care that RNs provide to patients.

Government restraints on health care funding and, in particular, hospital global budgets have already resulted in thousands of RN job cuts and the consolidation of health care services throughout the province. The government's current plan to reduce Ontario's corporate income tax rate means reduced revenue, and that revenue will not be available to fund public health care, to fund our hospitals and to fund patient care provided by registered nurses.

A recent poll, for example, indicates that more Ontarians want the government to make health care a high priority and would protect this funding envelope from cuts. The public also believes that health care is the government's most important service. Some 90% of Ontarians also agree that reducing the number of nurses would really jeopardize the quality of the health care system.

Patient access to quality health care is severely compromised when nursing jobs are eliminated, when nursing hours are reduced and when vacant nursing positions are not filled, which we have seen spread across this province as a strategy for hospitals to balance their budget. For registered nurses, this amounted to the elimination of over 2,500 RN full-time equivalent positions for our patients. This has meant a loss of 1,950 hours for each and every direct-care RN position eliminated, and this also equates to 4.3 million hours of RN care that has been cut since the spring of 2009.

This simple fact, based on the evidence, is that health outcomes for Ontario patients suffer when fewer nurses are available to provide quality care, and our patients, we believe, are being put at risk. The research shows that for each patient added to a nurse's workload, complication and mortality rates increase by 7%. There's also strong

research evidence that a nursing staff mix with a higher proportion of registered nurses is related to lower hospital mortality rates.

Another factor is Ontario's aging workforce. There are now more than 27,000 registered nurses, or almost one third of the current RNs employed in the workforce, that are eligible to retire in the coming years. Instead of policies that result in cutting nursing jobs and reducing nursing hours, we should be working hard to train more nurses and retain each and every nurse that we have working in Ontario.

The number of RNs per population remains the second lowest in Canada. Ontario has 644 RNs per 1,000 population, compared to the non-Ontario average of 717. This means that significantly more than 9,000 additional RNs are currently required just to reach the non-Ontario average ratio.

We believe Ontario can do better. RNs are experts in quality patient care, and they should be treated like experts and cherished, not treated as disposable. We respectfully submit that, based on an extensive body of research evidence, health care funding priorities must focus on creating and protecting RN positions, particularly in the hospital sector, and focus on targeted retention initiatives, such as late-career and mid-career nursing initiatives, amongst other funding priorities to educate new registered nurses.

We recommend that the government provide annualized dedicated funding for late-career initiatives, instead of the current process, where the approval is late in the fall, which does not allow sufficient time for employers to utilize the funds prior to the end of the fiscal year.

We also urge the government to adopt an overall funding policy to retain current full-time equivalent RN positions, including the current RN vacancies, employed in hospitals, where implementing initiatives can make significant progress moving toward the non-Ontario RN per population ratio as quickly as possible.

Further, we submit that part of the solution to achieving progress and training more RNs is to mandate colleges and universities to provide additional bridging seats from the RPN education programs to the RN education programs. A further component of achieving progress is to ensure additional second-entry RN programs, such as the two-year post-grad program at U of T.

We also recommend a policy be adopted that actively consults with nurses regarding the impacts on patient care prior to any planned nursing and clinical service reductions being contemplated or implemented.

The Public Hospitals Act provides that each hospital put in place a fiscal advisory committee, and that staff nurses are to be represented and make recommendations to the hospital board with respect to the operation, use and staffing of hospitals. The Ontario Nurses' Association, again, sits before this committee to tell you that hospitals are not complying with this legislative requirement. We urge the government to direct hospitals to comply with current legislative requirements, including staff nurse input in decision-making related to the

administrative, financial, operational and planning matters in hospitals.

Our patients need the government's help. Nurses also need help for themselves. Their workloads are causing injury and affecting their ability to provide quality care. Fewer hospital nurses means more complications and worse outcomes for our patients, including patients not being discharged as quickly as they could be, which would of course free up beds for patients waiting to be admitted.

Fewer nurses in the community means not being able to keep up with the increased demands for home care services, and as a result of the volume of hospital discharges, our patients are not getting the care they need. Fewer public health nurses means they're not being able to provide important programs, such as the Healthy Babies, Healthy Children program. Public health nursing is the foundation of proactively keeping communities healthier. A reduction in overall acute care costs is obvious if we support initiatives that address conditions at an earlier stage, rather than addressing the higher cost at a later stage of illness.

0920

Fewer RNs in long-term care means they are left trying to coordinate, plan and care for an excessive number of residents at one time. You may recall that the coroner's inquest at Casa Verde recognized that this situation was disastrous and had disastrous consequences for resident care. This inquest recommended a daily care standard for residents. Current government policy to address staffing issues in long-term-care homes, however, is to implement voluntary staffing committees to address staffing within existing funding rather than to reinstate mandatory staffing levels and care standards. We are advocating for staffing and care standards being regulated. There is a need for three and a half hours of daily care per resident. The research evidence supporting this staffing standard is comprehensive, and we urge the government to implement this standard of care for Ontarians.

Investments in safety save the system and reduce injuries and cost of treatment. Quality, healthy work environments reduce the illness of nurses and save the system significant cost. Investment in nurses, improvements in their work environments and improvements in their safety are investments in quality care and better health outcomes for patients. We believe that if we take action now and reverse the decisions that have been taken to reduce RN jobs, we can get back to providing the quality of care that our patients deserve.

Our members are looking to the government for a firm commitment that another round of rationing hospital care will not take place, once again, by eliminating registered nurses. Patient care is clearly being put at risk. We urge the government to put a halt to nursing positions being eliminated, whether through layoff, attrition or reduced nursing hours. Our patients can't lose 1,950 hours of care for each nursing position eliminated and achieve positive clinical outcomes.

Achieving the government's target of 9,000 net new nursing positions will be challenging when nursing reductions occur at the rate they have over the last year and a half. Research shows that our patients are better off with quality nursing care; on this point, we must all agree. Our recommendations are submitted with the goal of refocusing government on initiatives to restore quality RN care in our hospitals as a top priority and at a renewed pace. Ontarians deserve no better, and our members, the nurses of Ontario and our allied health professionals, are looking for a signal from this government that the government is committed to health care, to quality care and to the important service that our members provide.

The Vice-Chair (Mrs. Laura Albanese): Thank you for your presentation. This round of questioning will go to the NDP and Mr. Tabuns.

Mr. Peter Tabuns: Vicki, Lawrence, thanks very much for being here this morning, and thanks for making this presentation.

There are a few questions that I want to touch on, and the first is the regulated minimum staffing for long-term-care facilities. You referenced the Casa Verde inquiry. Why was there an inquiry, and what did they find when they said, "We need this level of care"?

Ms. Vicki McKenna: This was a horrific incident that occurred at Casa Verde, where a resident actually was murdered at the Casa Verde site. There were a number of things in the situation itself where the care of the patients and the admission of a patient to that particular organization—there were gaps, and there were not enough trained staff in that area. The recommendations were extensive, but the reality was that there was a patient admitted there without the required steps, without the adequate staffing to assist and provide care, and a patient was attacked and murdered at Casa Verde.

Mr. Peter Tabuns: So I gather that, notwithstanding the recommendations to increase or to set minimum hours, that has not happened? What we have, as you said, are these voluntary staffing—

Ms. Vicki McKenna: Yes. The key is "voluntary," and that has not gone well.

Mr. Peter Tabuns: When that word comes up, you know it's not mandatory.

Ms. Vicki McKenna: No.

Mr. Peter Tabuns: The implementation of wage parity for home care nurses and allied professionals: Could you talk a bit about the impact of the current underpayment?

Ms. Vicki McKenna: What we see happening in Ontario, across the sectors—and for those who don't know, other provinces have parity across sectors, so you don't have the migration of health care workers from, say, hospitals to home care to public health to CCACs. There's comparable and measurable consistency across the sector. What we have happening in home care, in particular, is that they're contract workers often, they are paid at a lower rate, and they also have inconsistent hours that they might be able to access in order to provide

income for their families. The working conditions for our home care nurses are sadly deficient. We find that many of those nurses who work in the home care setting in people's homes right across this province love it. They love to work with the patients, but many have said, "I just simply can't afford to work in this sector any longer," and will move to an alternate place, often a hospital or some area where they can be guaranteed hours, guaranteed work and guaranteed income.

Mr. Peter Tabuns: And what does that mean for patient care, if you have this constant turnover of nurses?

Ms. Vicki McKenna: This is exactly the situation of the fragmentation that you may or may not have heard about already, but I'm sure you will through these budget sessions. Fragmentation of patient care is very detrimental to patient outcomes and to how well patients do with respect to their complication rates and their recovery rates. Fragmentation of care has been studied enormously in Canada, in the US and right across the UK. We find fragmentation of care to be one of the number one dissatisfiers for patients and also for the care providers.

Mr. Peter Tabuns: The last question I have is this point you raise about health and safety in the workplace. What sort of injuries are you seeing amongst nurses, and what impact does it have, really, on their ability to deliver the care they're supposed to deliver?

Ms. Vicki McKenna: I mentioned also that we're an aging workforce, but that doesn't mean that our younger nurses aren't as severely impacted. As you can imagine, physically the work is demanding. We have a lot of lift injuries that are occurring on a regular basis. We're the most injured and sickest workforce in Canada and in Ontario as well. That's not a happy banner that we like to be carrying around. The work is intense. The workloads are heavy, and not to say that exposure rates are quite high—those things are a part of our work. There are safety measures, equipment and supplies that are readily available for health care workers; however, they're not always available in their workplace. So we have been working very hard at employer sites to try to ensure that our nurses have safe work environments, but there are budget constraints, we're being told, and these things are more and more difficult to achieve. Therefore, our nurses are becoming injured.

I didn't talk about nursing overtime rates in Ontario, but they're tremendous, and those nursing overtime rates also equate to a more fatigued workforce, which then leads to more injury and illness. We are in a vicious cycle right now, and we're very concerned about that. Some of our nurses are saying that they just can't do it anymore.

The Vice-Chair (Mrs. Laura Albanese): Thank you very much. Our time has expired.

WOODBINE ENTERTAINMENT GROUP

The Vice-Chair (Mrs. Laura Albanese): Now we call on Woodbine Entertainment Group to come forward. Good morning. You will have 10 minutes for your presentation, and that could be followed with up to five

minutes of questions. In this round the questions will go to the government.

Ms. Jane Holmes: Thank you very much, Chair and members of the committee. I appreciate the opportunity to make this presentation to you today on behalf of Woodbine. As an operator in a heavily regulated industry, Woodbine is licensed by a number of provincial regulatory agencies. This is not unique to our industry, and many businesses face similar fees imposed by government bodies and departments which impact the organization's operating costs.

The province is only one level of government requiring fees for services and licensing. While all businesses have faced challenges during the recent economic downturn, many of us have scrutinized the bottom line to reduce our operating expenses to meet the declining revenues that we're receiving. Unfortunately, we have no control over the imposition of user fees.

For the purposes of this presentation, I have defined "user fees" as a fee, charge or levy for a service, facility, authorization, permit or licence provided under the authority of an act of Parliament which results in a direct benefit or advantage to the person or organization paying the fee.

0930

As a business, we understand the appropriateness of user fees for proprietary services. However, increasing fees with no corresponding increase in service or performance is seriously eroding our businesses' competitiveness. These agencies are increasing their prices without consultation with their stakeholders, particularly self-funded agencies. Fees have been increasing and, in most cases, there has been no corresponding increase to the services or the response times.

The layering of costs on businesses, particularly during a time of economic downturn, places an excessive financial burden on businesses. I have calculated that for Woodbine Entertainment Group, or WEG, in 2010, those provincial fees were 1.5 times our net revenue. When municipal and federal fees are added, the total fees exceed three times the company's net revenue.

Woodbine Entertainment's concerns about these fees are as follows: There needs to be more parliamentary oversight when user fees are introduced or changed. There needs to be greater stakeholder participation in the fee-setting process. There needs to be an establishment of standards to which departments and agencies must adhere; otherwise, the user fees collected should be reduced to reflect the unachieved performance by that department or agency. Woodbine also thinks that there's a requirement for a more comprehensive stakeholder impact and competitiveness analysis when new user fees or fees are contemplated to be increased. There should be increased transparency with respect to why fees are applicable, what fees are charged, what costs are identified as recoverable and whether performance standards are being met. Finally, we think that there should be an independent dispute resolution process to address complaints when agencies do increase their fees.

We think it is time that parliamentarians take greater ownership of user fees. What began as a legitimate attempt to fully recover costs for proprietary services has developed into something that is beyond what was contemplated. Departments and agencies of the provincial government have, in many cases, expanded the concept and introduced user fees or increased user fees beyond what is reasonable and, more often than not, without any reference to increased service, performance or consultation.

We urge this committee to recommend that the minister address the issue of increasing user fees, particularly with no improvement to existing services or delivery. The collective impact of these fees is inconsistent with the government's Open for Business strategy. Thank you.

The Chair (Mr. Pat Hoy): And thank you. The questioning will go to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Jane, for being here this morning, and thank you for that presentation. As we travelled the province all last week, I must say this is a unique presentation and it's really important that we hear this. It's a topic that we may not all be very familiar with, so I appreciate your comments this morning.

I would like just a little bit of clarification, if you don't mind. It's just that it's pretty hard to take so much information in so quickly. It's refreshing in a way, as a finance committee, that when I saw the word "fees," I was expecting big numbers, but when I hear your presentation, I don't see you necessarily asking today for a financial contribution, which is very interesting. I hear you saying that the fees were implemented originally to recover costs.

Ms. Jane Holmes: Right.

Ms. Leeanna Pendergast: But now, the fees are extended beyond what is reasonable.

Ms. Jane Holmes: Yes.

Ms. Leeanna Pendergast: Can you elaborate on that a little more, please?

Ms. Jane Holmes: I'll use a couple of examples with different agencies. One example I will use that's pertinent just to the horse racing industry is with the Ontario Racing Commission. The racing commission is allowed to tax the parimutuel wagering 0.5%. When slots were introduced into racetracks, they identified that there were a greater number of participants in the industry, a greater need for regulation, they came to the industry and together we agreed that we would provide a voluntary levy. We discussed what areas that levy should go into—to increase the training of the judges, to increase communications and improve technology, different areas like that. Somewhere, that voluntary levy became a regulatory levy. Then they came back to the industry, but there was consultation, so initially we were fine with that.

The next area was that there was consultation about increasing a levy to look at the whole issue of medication control. Again, that one was done in conjunction with the industry.

Most recently, they introduced a service deficit fee because they went over budget. Without consultation

with the industry, they just imposed a new licensing fee on top of all of the participants in the horse racing industry. So that's one example where it's happened.

Another one: We're very concerned about WSIB in terms of the unfunded liability and the cost that's going to have for the industry and for our business, in particular.

Our biggest issue is, if there's no new service being provided and everybody has to live within their means, why as an agency can they—as do many of the agencies—go beyond their means and expect stakeholders to pick up the costs, when we're all going line by line looking at our bottom line in terms of how we reduce our costs to continue to stay in operation?

I want to add for the benefit of the committee that Roy Cullen, who was our federal MP in Etobicoke North, actually introduced a private member's bill when he was in government that addressed this issue, which is why I became aware that it is something that could be done. I do have copies of that legislation, if you're interested in seeing it, with me. Basically, what he did and what he looked at—and he had all-party support at the federal level—was to require that agencies and departments, where they want to increase fees, actually have a formal process of stakeholder consultation and then a presentation to government members to justify any such increases in fees. I think that's what we're looking for: to have some sort of oversight so that they can't make increases without a due process taking place.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CANADIAN MANUFACTURERS AND EXPORTERS

The Chair (Mr. Pat Hoy): Now I ask the Canadian Manufacturers and Exporters to come forward, please. Good morning, gentlemen. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this case, it will come from the official opposition. Please state your names for our recording Hansard.

Mr. Ian Howcroft: Good morning, Chair and committee members. My name is Ian Howcroft and I'm vice-president of the Canadian Manufacturers and Exporters, Ontario division. With me is Paul Clipsham, our director of business intelligence and policy.

Canadian Manufacturers and Exporters is Canada's leading trade association and the voice of manufacturing and global business in Canada and here in Ontario. I'd also like to note that we're celebrating our 140th anniversary this year, so we have a long history of working with government.

Our association directly represents more than 10,000 leading companies nationwide. More than 85% of our members are small and medium-sized companies, and as Canada's leading business network, we work through various other organizations, including the Canadian Manufacturing Coalition, which we chair, where we

touch about 100,000 different organizations and companies from coast to coast. Our membership and network accounts for about 82% of manufacturing output and is responsible for about 90% of the country's exports.

Despite the recent economic challenges, the manufacturing and exporting sector continues to be the largest business sector in Ontario, with approximately \$270 billion in annual output. It's also responsible for employing directly 800,000 individuals in Ontario. Perhaps even more telling, there's about 1.2 million more who have jobs indirectly dependent on manufacturing. For every dollar invested in manufacturing, it generates over \$3.25 in total economic activity. Manufacturing and exporting are at the cutting edge of Ontario innovation: 54% of all private sector research and development takes place in this sector.

0940

We continue to emerge from a deep and very protracted recession. I know I don't have to tell people on this committee about what we've gone through. Manufacturers and exporters have been particularly hard-hit and negatively impacted by what's gone on in the last couple of years, the most tumultuous economic downturn since the Great Depression in the 1930s.

However, there are some positive signs and some hope for greater optimism going forward. Our forecast for the coming year is that manufacturing investment and exports will outpace the GDP growth throughout 2011. Ontario is once again leading the economic charge, based primarily on the resiliency of our industrial and manufacturing base. Companies are adapting rapidly to changing circumstances, which they must do, and they are taking the necessary steps to survive in the new global reality. However, there are still many challenges and uncertainties out there.

Much of the credit for the recovery has to go to the Ontario government's tax reform package, which we have fully supported. We strongly supported the HST, corporate tax rate reductions, the elimination of the capital tax, and the Smart program that we partnered with the government to deliver. These have allowed manufacturers to make investments in their companies, in skills and training, and it's also supported by a report that we recently issued, the Economic Impact of Corporate Tax Reductions, which is being sent to all MPPs, which demonstrates a strong correlation between reduced taxes, increased investment in machinery and equipment and, ultimately, job growth, an increased standard of living and increased quality of life.

While the outlook for manufacturers and exporters is generally more positive, as I have said, there are significant risks to this outlook, including: the higher and volatile Canadian dollar; global financial turmoil; a possible surge in interest rates; international trade restrictions; cost competitiveness; and what we're currently seeing and witnessing in the Middle East. We cannot afford to be complacent. Other jurisdictions are moving aggressively to attract and retain manufacturing investment dollars, and we encourage the government to imple-

ment additional measures that will free up cash for manufacturers to make investments in innovation, productivity, and ultimately enable them to hire more people. Under the present fiscal conditions, it is critical to focus limited government resources on interventions that will drive new private sector investment in innovation, productivity and skills development.

We have been a strong supporter of the government's Open for Business initiative, and we have worked closely with a number of ministries to effect a meaningful reduction in the regulatory burden that manufacturers face. While we have made progress in some areas, we know there is still considerably more work to be done.

There is a danger that the significant progress that has been achieved on tax reform will be eclipsed by other risks that could dampen investment confidence. Examples of these include rising energy and electricity prices; the WSIB unfunded liability, which exceeds \$12 billion; pension reform measures; higher pension costs; and the new regulations in environment, health and safety areas. The government must take action to ensure that the overall business environment is favourable and sufficiently competitive to grow manufacturing investment in Ontario. In this context, we will highlight some of the key issues we'd like to see in this year's budget.

In 2008, CME was granted \$25 million, which we used to create our Smart program, which allowed us to invest in over 400 companies throughout the province to deal with improvements to productivity in lean, IT and energy efficiency. This program allowed us to see about 15,000 jobs created or retained in the province, and again, 400 companies received individual support to allow them to deal with their productivity programs. This targeted investment is still needed, particularly as other stimulus funding is coming to an end. We are at a watershed where we need to continue to invest in manufacturing and hope that we will see continued growth.

I will now ask Paul to talk about a couple of the other targeted reform recommendations we're making.

Mr. Paul Clipsham: Thanks, Ian. As mentioned, CME is supportive of the harmonized sales tax and the implementation approach. However, we're concerned that the input tax credit restrictions continue to be a constraint on investment and growth. Therefore, we would encourage the government to eliminate the ITC restrictions as quickly as fiscally possible.

There are also three areas that CME feels should be addressed, including monetization of all existing and future tax credits, complete elimination of the corporate minimum tax, and property tax equity for manufacturers.

In order to generate cash flow for companies that are not currently profitable or those that are looking to make significant new investments, the budget should make all new and existing tax credits refundable. During difficult economic times, when companies need to invest, they require immediate cash flow support. If they are in a loss position and they often cannot immediately benefit from tax credits, making tax credits refundable will provide more effective stimulus for companies to sustain their

investments in innovation throughout this economic period.

The following existing credits should be considered for refundability: the scientific research and experimental development tax credit; and the corporate minimum tax credit, which we also feel should be eliminated.

The CME also recommends new tax credits to encourage investments in targeted areas including green energy deployment, research and development, investments made to upgrade or retool manufacturing equipment and machinery, and training.

These measures would include provision of a refundable tax credit for new investments in manufacturing and processing equipment, and a refundable employer training tax credit to encourage investment in skills development and training to ensure a continuous improvement focus at a time when such investments are most needed.

As mentioned, we also recommend the complete elimination of the corporate minimum tax. As well, inequities in the property tax system continue to be widespread in Ontario, with industrial taxpayers bearing a disproportionate burden. On average, industrial rates are about 30% higher than commercial rates and nearly 400% higher than residential rates. Whatever the historical rationale for this disproportion certainly no longer exists, so we recommend that the property tax rates for manufacturers and industrial facilities be reduced to those of commercial wherever such disparities exist across the province.

Furthermore, the province needs to move much more quickly to eliminate the capping and clawback mitigation measures. These clawbacks result in taxpayers paying more than their current value assessments so that other taxpayers pay less. This is neither fair nor equitable and should be eliminated immediately.

The Chair (Mr. Pat Hoy): You have about a minute left.

Mr. Paul Clipsham: Okay.

We do have a number of other non-tax priorities, some of which Ian has already referenced, so just in summary, those are the regulatory burdens. We continue to be supportive of the Open for Business approach, but we need to see some further tangible benefits from that. Energy is an ongoing priority for our members. We're supportive of the long-term energy plan and we want to work with the government and others to ensure that the increases over the next five years can be managed by manufacturers and exporters.

Thanks very much, Chair, and to the committee, for your time. We're happy to take any questions.

The Chair (Mr. Pat Hoy): The questioning will come from the official opposition. Mr. Miller.

Mr. Norm Miller: Good morning and thank you very much, Mr. Clipsham and Mr. Howcroft, for your presentation this morning. I have a couple of quick questions and I know Mr. Barrett wants to ask one about regulations as well.

I'll start with the HST and input tax restrictions. Is Ontario unique in the provinces or other jurisdictions in putting these input tax restrictions in place? The way I

understand it works is that if you're a company that has \$10 million in sales or more, there are restrictions on three or four different categories of things and you aren't able to benefit from the restriction. I know, as a line item in the budget, it totals some \$1.3 billion each year for up to eight years; it varies.

Is Ontario unique, and what sort of negative effect does that have on your businesses, which aren't able to get the money back that they pay out on the HST?

Mr. Paul Clipsham: Thank you for that question. Ontario is not unique. I think Ontario chose to go more the route of the Quebec model, which also has input tax credit restrictions. We had proposed more along the lines of the Atlantic provinces, which have fewer, if not none, of the restrictions that we see in Ontario. Again, a lot of the impetus for doing it in the first place is to eliminate some of those systemic administrative challenges within the system. So to put in these input tax credit restrictions actually requires, from the business perspective, to do more to administer the HST. That's why we've recommended to eliminate those as quickly as possible, which the government has committed to do, but certainly we'd like to see those go—

Mr. Norm Miller: But eight years is the time frame; that's a long time.

Mr. Paul Clipsham: In business terms, that's a long time.

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Mr. Ian Howcroft: We won't get full value of the HST until those are fully implemented.

Mr. Norm Miller: And it's a significant amount. I'll press on because I know Toby wants to ask a question.

You said cost pressures, energy costs, WSIB: Can you talk a bit about that? I'm going to wrap up one other question into it. We've had lots of groups saying that the government should do away with corporate tax cuts. You're asking that the corporate minimum tax be eliminated. Can you justify that and also talk about these cost pressures? Then I'll pass it on to Mr. Barrett.

Mr. Ian Howcroft: Sure. The corporate minimum tax doesn't generate a lot of revenue. It's an administrative burden. We have just released a report on the benefits of corporate tax reductions, and it shows that when you're reducing corporate tax, it allows companies to invest, to hire more workers, to help generate more wealth that can be distributed throughout the economy to maintain the quality of life, the standard of living that we have. It's directly proportional as to when you're reducing corporate taxes, you see more employment being created because companies have the wherewithal and the financial resources to invest in hiring, in innovation, in dealing with the productivity challenge that we must deal with as a province and as a country because we are falling further behind.

Mr. Toby Barrett: You may not have gotten to this part: You've identified problems with regulations. You list a number of environmental pieces of legislation: toxics reduction, waste diversion, air standards, the Green Energy Act. As you've indicated, we agree with

much of the intent of this legislation, but you're indicating that there's regulation that doesn't really achieve that kind of an intent. I'm assuming it ends up with more paperwork for your members. I certainly hear this from smaller organizations, smaller employers. Any specifics on this? I know it covers a big area.

Mr. Ian Howcroft: That's why we're pleased with the Open for Business initiative to allow us to deal with some of these process issues, not to gut standards. I'll cite, because of the time constraints, the environmental area: We've been working on the Toxics Reduction Act. We think major changes have to be made on that to allow companies to invest time and resources in productive areas and not just the regulatory burdens. Examples that we cite include copper and zinc. Companies that produce copper wire, copper pipe—members of ours—aren't trying to reduce copper; it's listed as a toxic in Ontario. I think we're probably the only jurisdiction in North America that lists copper that way, so companies have to come up with a toxics reduction strategy even though they are producing, selling and trying to build a business around the production and use of copper. It's something that we want to see addressed to deal with the regulatory burdens, the cost to do something that's not going to have any change in what the company is doing. In fact, it's contrary to what the company is trying to do.

Mr. Toby Barrett: We may have to sort out whether to actually make amendments to the legislation or whether we can do it just by changing regulations.

Mr. Ian Howcroft: Yes. There are different ways you can approach this. We think we need to make some regulatory changes, but we also think we could go back to—sure, we're still meeting the intent of the legislation, but make some changes that make it easier to achieve those goals that we all agree with but deal with some of the regulatory burdens that we're learning from experience and some of the unintended consequences that are challenging manufacturers throughout Ontario.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Ian Howcroft: Thanks very much.

CANADIAN FEDERATION OF INDEPENDENT BUSINESS

The Chair (Mr. Pat Hoy): Now I call on the Canadian Federation of Independent Business to come forward, please. Good morning, gentlemen. You have 10 minutes. The questioning in this case will come from the NDP and Mr. Tabuns. Please identify yourself for our recording Hansard.

Mr. Satinder Chera: Thank you, Mr. Chair. My name is Satinder Chera. I'm the vice-president for Ontario with the CFIB. I'm joined today by my colleague, Plamen Petkov, the federation's Ontario director.

On behalf of our 42,000 small and medium-sized business members in Ontario, we appreciate the opportunity to appear before you in respect of our pre-budget recommendations. I should say that this is a pretty

exciting year for small and medium-sized firms, not only in Ontario but right across Canada. Recently, 2011 was designated as the Year of the Entrepreneur, and deservedly so. Our sector creates most of the new jobs in our economy. It accounts for roughly half the employment and is a pretty good barometer for how the economy is going to actually perform.

If I could take you to the right side of the kits that are in front of you, there is a slide deck there. Right on slide number 2, "CFIB Business Barometer & GDP": When we've matched our members—we survey them on a monthly basis, and when we've matched it with actual GDP, in terms of how the economy performs, our members are a pretty good barometer for where the economy is going to go. Again, not a surprise; they account for half the economy.

When you go to slide number 3, the most recent results of our barometer show that there has been a healthy uptick in terms of optimism in the province of Ontario. Again, as a result of that, where Ontario goes, generally the national average goes as well. So this is pretty positive and encouraging feedback from our members.

Slide number 4, employment plans in Ontario: Again, I think it's safe to say that our members are holding their own. The vast majority of them expect to make no changes. It is of course disconcerting to us that there are more that are looking to decrease employment than to increase. This is something that I know the Premier and the finance minister have talked about in terms of employment. From our standpoint, we think that there are a number of measures that the government can take to help support this important sector.

When you go to slide number 5, when you look at the recent recession, for example, while large businesses were cutting back employment it was actually the small and medium-sized sector that was creating it. Again, this is another good reason to be supporting and to embrace entrepreneurs as part of the upcoming budget.

When you go to slides number 6 and 7, we've given you a bit of feedback from our members on how they weathered the recent recession; whether it's working longer hours, taking a cut in their own pay, taking on more debt. There's no question that even for small firms they had to make some pretty big sacrifices, the kind of sacrifices that I think they also expect governments to make in terms of their own fiscal house.

Slide number 7 talks about, again, some of the sales and marketing changes that our members had to make. There's no question that the recent recession was pretty deep and it was pretty fundamental in terms of, no place on this planet was spared. There have been some fundamental changes. As a result of that, certainly our hope is that as entrepreneurs continue to rev up, as they continue to count for more of the economy, that the government will take the upcoming budget and embrace the Year of the Entrepreneur by bringing in some very specific measures to help our members.

With that, I'll turn it over to my colleague Plamen to take you through our budget recommendations.

Mr. Plamen Petkov: Thank you, Satinder.

Slide number 8 illustrates the top priorities for Ontario small businesses. This is actually based on an annual survey that we do with our members across the province. We do it face to face with small business owners. Based on the latest results, the top issues for small businesses in the province right now are total tax burden, government regulation and paper burden, government debt and deficit, and workers' compensation. Accordingly, our recommendations for the 2011 provincial budget are based on these four areas.

In terms of taxation, it is clear that small businesses indicate that payroll taxes are the types of taxes that affect the growth of their business the most. It's increases in EI and CPP premiums and increases in WSIB premiums that really limit the capacity of small and medium-sized firms to create jobs. Payroll taxes are followed by sales taxes and corporate income taxes on that list.

A couple of years ago at CFIB, we created an index that actually allowed us to compare taxation levels in all 10 provinces across the country. If you look at slide number 10, the very first column is the payroll tax sub-index. Back in 2009, Ontario ranked third from the bottom, with an index of 4.8 out of 10. Considering that payroll taxes have been going nowhere but up in the last couple of years, we wouldn't be surprised if Ontario's ranking has actually worsened since then.

When it comes to regulation and paper burden, we estimate that Ontario businesses of all sizes spend about \$11 billion a year to comply with regulations from all levels of government. When you look at the chart on slide number 11, it is very clear that the smallest firms out there, those with fewer employees, actually pay a lot more for compliance than larger businesses. So the burden is really on smaller businesses when it comes to compliance costs.

In our latest survey on regulation, our members shared a very interesting observation with us. Over 25% of Ontario respondents indicated that they would not have started their business had they known the full impact of the regulatory burden on their business. Again, it's clear that small businesses expect a lot more from governments at all levels to proactively address and reduce red tape.

The next few slides deal with Ontario's finances. We created an index that allows us to map government spending numbers with increases in population and inflation. It is very clear on slide number 13 that in the past decade, Ontario's spending has exponentially outpaced inflation and population growth, and that gap continues to grow.

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In terms of the provincial deficit, based on some very conservative projections that we recently came up with, only a spending freeze in absolute terms will allow the provincial government to balance the budget in the medium term, as promised. If spending levels remain consistent with GDP growth levels, that goal will not be

achieved in the near future. If spending is consistent with inflation increases, then we will not have a balanced budget before 2020.

The same pattern applies to the provincial debt. It is only through a spending freeze that we'll be able to keep debt levels near 30% to 35% of the GDP.

Finally, when it comes to workers' compensation, it is obvious from the list that we have on slide number 16 that many small firms in various sectors of the economy will pay a lot more than the average 2% rate increase on WSIB premiums. Again, as I mentioned earlier, this constitutes a huge burden for small businesses. It really prevents them from growing and from creating additional jobs, and this is happening at a time when we rely on the small and medium-sized sector to actually help reduce Canada's unemployment rate. Again, these increases are just for 2011. There are significant, double-digit increases in some of these sectors, and more are planned for 2012.

Finally, we have a list of specific recommendations in all four areas that I just talked about. We also have a more detailed document in your kits, on the right-hand side, and we have more information for each and every one of these recommendations.

Thank you for the opportunity to address you today, and we'll be glad to take any questions that you might have.

The Chair (Mr. Pat Hoy): The questioning goes to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Thank you very much for coming in and making the presentation today.

When I talk to some of the small businesses in my riding—restaurants, retailers—they are finding that the HST on their inputs is starting to affect their cash flow. Is that something that's coming up amongst your members?

Mr. Satinder Chera: There's no question, Mr. Tabuns, that the HST is one that has had I would say somewhat of a negative impact on the smallest of firms. The feedback that we received from our members is—and, again, it's preliminary. But most of the concerns seem to be centred around cash flow, in that, for businesses that previously did not have to charge the PST, they're now having to impose that.

There are also concerns around being able to access rebates. For example, we had a member who had about \$30,000 worth of inventory. He was not able to clear it by December 31. As a result, he does not qualify for, for example, the actual rebate. So, \$30,000 worth of inventory—he's not quite sure what he can do.

Our recommendations to the government have been a number of different things. One is that we think that looking at a rate reduction in the future would be a positive step forward. It certainly would help all businesses. We also think, in terms of the transitional dollars that have been given to small firms—topping that up. We know that, for example, \$400 to \$1,000 really isn't going to cut it for a lot of businesses. Small firms, for example: One member said that she has to spend about \$5,000 to

upgrade her software and buy a new computer as well. That's going to be a bit of a challenge for them.

One of our key recommendations in this area, Mr. Tabuns—and, again, it links to the regulatory issue—is that small firms have a really tough time working with governments in terms of the requirements that are imposed upon them. One of the areas that we're asking the government to take a serious look at is to push the federal government to adopt an HST code of fairness. In other words, CRA would be required to do some basic things in terms of responding to small businesses in a timely manner. If there's a disagreement over an HST-related issue, it would be sent out to a third party as opposed to having it done internally. In other words, there would be an appeals mechanism.

These are some of the measures that some other provinces have taken. It's not yet in place. We did say before that it's not a bed of roses on the other side, either. CRA sometimes is one of biggest thorns in the sides of our members, federally. So certainly that's one of the areas that we think, in the short term, can certainly help to alleviate the pressures associated with this tax change.

Mr. Peter Tabuns: Okay. Thank you very much. I don't have any other questions.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CO-OPERATIVE HOUSING FEDERATION OF CANADA, ONTARIO REGION

The Chair (Mr. Pat Hoy): I ask the Co-operative Housing Federation of Canada, Ontario region, to come forward, please. Good morning. You have 10 minutes for your presentation. The questioning in this case will come from the government, possibly up to five minutes. If you'd just state your names for our recording Hansard, you can begin.

Ms. Nicole Waldron: Thank you. Good morning, everyone. Thank you for this opportunity to make a pre-budget presentation to the standing committee. We're here on behalf of more than 125,000 residents living in 555 non-profit housing co-ops across Ontario.

My name is Nicole Waldron. I'm the vice-president of the Ontario council of the Co-operative Housing Federation of Canada. With me today is Harvey Cooper, our manager of government relations, who will answer any questions you may have.

Housing co-operatives are committed to playing a significant role in meeting the affordable housing needs of Ontarians. In our presentation, we will focus our remarks this morning on a key number of practical suggestions that the Ontario government should consider as it prepares its 2011 budget.

With Ontario only beginning to emerge from its deepest recession in many decades, the 2011 budget should focus on economic recovery and helping Ontarians who are shouldering the burden of the economic downturn.

The lack of housing that key workers can afford is a major roadblock to growth and investment in Ontario.

Affordable housing construction can play a pivotal role in economic recovery. It provides significant economic stimulus, creates jobs, has a larger multiplier effect, uses locally produced materials, and provides a valuable public asset for the long term.

Like transit, highway construction, hospitals, schools, bridges and sewers, affordable housing is a major capital component of Ontario's infrastructure. Since 2004, affordable housing has been identified by the Ontario government as a key infrastructure priority. Nonetheless, there has been no government commitment to affordable housing as a core infrastructure sector to be funded on a continuing basis. Beginning with the 2011 budget, Queen's Park should commit to including funding for affordable housing in each year of its expected 10-year infrastructure plan.

A key finding of our annual housing report, *Where's Home?*, is that over the next 10 years, demand for affordable housing is conservatively estimated at 10,000 units a year. We have copies of this report here if any MPP is interested, and it looks like this.

The need for affordable housing in Ontario is urgent and growing. According to the latest data, current municipal social housing waiting lists across the province stand at 141,000 households. Against this backdrop, the co-operative housing sector welcomed the recent release of the province's much-anticipated long-term affordable housing strategy.

Unfortunately, there appears to be significant gaps in this housing plan. The strategy contains no funding to actually build any new affordable housing. At a minimum, housing observers expected that the strategy would include a commitment of provincial funding for the next three years, from 2011 to 2014, of the existing federal-Ontario affordable housing program, AHP. This program is due to expire just a couple of months from now, on March 31, but the strategy made no mention of the program and its looming expiry.

To date, according to the province, under the various components of the AHP agreement and the extension signed in 2009, approximately 3,500 units per year since 2005 have been built or are in the construction or planning stage. While extending the AHP would not fill the existing need, it would allow the existing program to continue without interruption and make a critical contribution to meeting that need.

The planning, approvals and building cycle of any housing project is usually in the three- to five-year range. The start-stop approach to funding affordable housing over the last couple of decades has been very damaging. With no certainty that government funding will be available, it is impossible for the affordable housing development sector to ensure that there is a continual flow of projects in the pipeline.

The province's affordable housing strategy speaks of the need for the federal government to make a long-term commitment to its historical role in funding affordable housing. But this challenge to Ottawa carries little weight in the absence of any commitment by Queen's Park to

being an active partner going forward in funding affordable housing development.

In 2005, the McGuinity government stepped up and matched federal AHP funding that was on the table. In 2009, Ontario again matched federal funding with an impressive \$1.2-billion contribution under the two-year social housing renovation and retrofit program, fondly referred to as SHRRP.

However, a number of other housing initiatives in this province were accomplished with unilateral federal dollars totalling just under \$400 million. In view of this, it is critical in the 2011 budget that Ontario signal to the federal government that the province is fully committed to extending funding for the AHP for three more years and is looking for an early commitment from Ottawa to contribute its share.

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The long-term viability of much of Ontario's social housing stock now administered by municipalities is at serious risk. Many of the properties are 30 to 50 years old and require major capital investment, which has been borne out by a series of studies. Ontario is to be commended for the step it has taken in the last two budgets to begin to refurbish the social housing infrastructure which is aging. As mentioned, the joint funding from the federal-provincial SHRRP program is particularly welcome. However, as valuable as this program is, it provides one-time funding and will not come near to making up for the funding shortfall or providing a long-term solution.

There are a significant number of low-cost steps that the province could take to preserve the physical assets of our existing affordable housing stock for generations to come. A few of these are outlined in more detail in our complete submission, including making the Infrastructure Ontario loan program more accessible for community-based housing providers to do necessary capital repairs, and allowing co-ops and non-profits to borrow additional funds for capital improvements with an extended amortization period that would allow them to afford to repay the additional debt.

In addition to having a shortfall of affordable housing supply in Ontario, we also have a growing affordability problem for low- and moderate-income households. Shelter costs constitute the largest regular expense for most families and singles. The province's recent strategy documents, both for affordable housing and poverty reduction, acknowledge that the lack of housing that low-income people can afford is a co-contributor to deepening poverty. Excessive housing costs simply crowd out other necessities for many low-income Ontarians.

There is currently little in the way of housing assistance for the working poor. Lengthy waiting lists and subordination to priority may often preclude access to many Ontarians who are desperate to find an affordable place to live. Ontario should ensure that any new housing supply programs penetrate down to levels of true affordability for low-income households. The affordable housing program has not yet achieved this. Some units

are rented at a below-market rate, but rents are not adjusted based on income, and the very neediest households can't afford to live in this housing.

One very cost-effective way for the province to increase affordability for qualifying households would be to take advantage of the existing supply of rental units and co-ops, non-profit and private sector buildings, and other rent supplements to these landlords.

Rising energy costs are a top-of-the-mind issue for many Ontarians, particularly for those of low and modest means. Many thousands of social housing households who are receiving rent-gear-to-income—RGI—assistance pay their own utilities on top of their rent. The province uses a utility allowance schedule, setting out the level of assistance that RGI residents who pay their own utilities will receive. These schedules have not been revised since 1999, prior to the downloading of the social housing to municipalities. Meanwhile, rates paid by residents for electricity, heat, natural gas and water have increased substantially.

For many years, the co-op housing sector has called on the province to take action on this critical issue that is contributing to escalating energy poverty in Ontario. We were disappointed that the recent affordable housing strategy did not include an action plan to deal with this concern. The 2011 budget presents an opportunity to rectify this omission.

As I close, co-operative housing in Ontario is a well-documented success story. For almost four decades, co-ops have provided good-quality affordable housing owned and managed by the members who live there. We feel that some of the key directions that the province should signal in its 2011 budget are clear: make investment in affordable housing a cornerstone of Ontario's economic recovery plan; ensure that affordable housing construction is a targeted sector for Ontario's infrastructure investments; show leadership and commit provincial funding to extend the existent affordable housing program, which should help leverage federal contributions; preserve and renew the existing stock of community housing for future generations; take steps to make sure housing is more affordable to low-income Ontarians; and revise outdated utility allowances for low-income residents in community housing.

We are anxious to roll up our sleeves and work with the government and MPPs of all parties to ensure that all Ontarians have a decent place to call home.

Once again, we thank the members of the committee for giving us this opportunity to express our views today. If you have any questions, Harvey will take them now.

The Chair (Mr. Pat Hoy): Thank you. You must have practised; you had eight seconds left.

Mr. Harvey Cooper: You said it was under 10 minutes.

The Chair (Mr. Pat Hoy): The questioning will go to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Nicole and Harvey, for being here this morning. Thank you for your presentation and thank you for the work that you do on

behalf of the Co-operative Housing Federation of Canada. That was a very comprehensive presentation.

I think what I'd like to do is begin at the end, because that's how I read a novel. I go to the end—

Mr. Harvey Cooper: Saves time.

Ms. Leeanna Pendergast: I'm also a teacher, right? So, give me the bottom line, and we'll work back from there.

Your comments, Nicole, about rolling up our sleeves and working together—that's really what I want to focus on, because if you look at—let's go back to page 10: introduce a \$100 monthly healthy food supplement; fully index social assistance; increase the OCB to \$125 a month. We've heard this across the province, and every time we hear it, if you think about the ask getting larger and larger and larger, then you kind of have to look at the fine balance. So now I'm back at the beginning of your presentation on page 3. You talk about the government should focus on economic recovery and helping Ontarians—absolutely. That's the fine balance that we need to hear from you, and how to achieve and maintain that balance.

I guess what I want to do is just give you a quick picture of what we've heard in the last week of travelling the province, and then put to you the question of the priorities that you come with today. We've heard from social action committees. In Thunder Bay, we heard that the government should look at an outreach strategy, that affordable housing is part of the whole social infrastructure question—invest in early learning, invest in transit, invest in affordable housing.

We heard from the Alliance to End Homelessness that affordable housing should be embedded in the poverty reduction strategy. We heard from EOLO, the Eastern Ontario Landlord Organization, the idea that there has to be an affordable housing strategy, a 10-year strategy. And we heard from the Anglican Church here in Toronto yesterday that municipalities play a role in this as well.

That said, the big question is: Have you and your group talked about a long-term plan? What role do you play in that particular discussion?

Mr. Harvey Cooper: Thanks very much for that, Ms. Pendergast. I know you're a strong supporter of housing co-operatives in Kitchener-Conestoga, where we have seven, and I think 370 units as well.

I think the key issue is balance. If we have to zero in on our submission, the one thing that we think the government should be doing—there are a number of things you listed, and obviously choices have to be made—is that there isn't an existing program. There are concerns about the program, but it's out there; it's producing units. The data we came up with based on the province's information is about roughly 3,500 units a year. We're very, very concerned that that agreement with the federal government—half the money is coming federally and the municipalities are bringing various reductions to the table as well, development charges and property taxes etc.—is going to expire in less than two months. We're very concerned that if there's no program

out there, we're back to the drawing board in terms of, we all know what the state of waiting lists is, particularly in the urban areas across the province.

To be absolutely candid, part of the reason I think we've gotten into the difficult situation we're in is that we've had programs since the postwar period, when a lot of public housing was built; there were all kinds of programs to assist private landlords: capital grants and tax reductions in the 1960s and early 1970s. From the early 1970s right up until the mid-1990s, we had a very successful non-profit and co-operative housing building program; we were seeing 15,000 to 20,000 each and every year. From the mid-1990s up until 2004-05, very little was done. What happened was, the swimming pool was drained. If you don't build any units for a decade, it's going to take you a long time to recover.

So our message to the province of Ontario—and this isn't a partisan, political issue. I think we all have an interest in affordable housing. It's not only units; it's making sure people can afford them. You need an ongoing program year over year over year. We can squabble about how much that is—how much money, how many units—but not to fund it would be, frankly, a very difficult situation to start up again. As Nicole mentioned in our presentation, it takes three to five years, and that's if you've got zoning approvals, to get any project off the ground. To start at square one is not, I think, a scenario that any of us wants to see. What we're hoping we're going to see—we didn't see it in the affordable housing strategy; we hope to see it in Minister Duncan's budget in late March—is Queen's Park putting money on the table to build affordable housing, and looking for their federal partners to match them.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

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CANADA'S RESEARCH-BASED PHARMACEUTICAL COMPANIES

The Chair (Mr. Pat Hoy): Now I ask Canada's Research-based Pharmaceutical Companies to come forward, please.

Mr. Hugh O'Neill: Good morning.

The Chair (Mr. Pat Hoy): Good morning. You have 10 minutes for your presentation. Questioning will come from the official opposition. I just ask you to identify yourself for our recording Hansard.

Mr. Hugh O'Neill: Sure. My name is Hugh O'Neill; I am the Ontario chair for Rx&D, Canada's Research-based Pharmaceutical Companies, and also the CEO of Sanofi-aventis Canada.

Thank you for the opportunity. In last week's State of the Union address, President Obama summarized the vision for his country by declaring that the United States needed to—and I want to quote here—"out-innovate, out-educate, and out-build the rest of the world." Cutting the deficit by gutting our investments in innovation and

education is like lightening an overloaded airplane by removing the engine.

Why did I start there? As I said, my name is Hugh O'Neill. I am the chair of the Ontario committee for Rx&D; I'm also the CEO of Sanofi-aventis Canada. Rx&D represents over 5,600 men and women working for approximately 50 member companies in Canada. Globally, the Sanofi group, my organization, is the fourth-largest pharmaceutical company in the world. We invest \$6.3 billion annually in R&D. We are also Canada's largest investor in innovative biopharma R&D, investing over \$180 million in Canada in 2009.

Today, I hope to share with you our industry's perspective on two interrelated ideas that, we believe, if addressed together, can help to mitigate the looming health care crisis, address our collective challenges and improve the quality of life of Ontarians. Those ideas are innovation and sustainability.

Before I do that, I'd like to address two major misconceptions about our industry. The first misconception that we believe is getting in the way of very productive dialogue is that innovative drug costs are the main driver of health care growth. Innovative medicines—it's important to understand this—comprise just over half of the drug budget, about 5% of the total health care budget. Even if 100% of the funding for innovative medicines was eliminated, we would still have 95% of our health care sustainability problem. Investing in medicines is not the driver of health care costs, and it's simply not possible to address sustainability if cost-cutting is the only goal.

The second myth is that drugs are the fastest-growing component of health system costs. The reality is that the drug budget grew from \$3.21 billion in 2008 to \$3.36 billion in 2009, a 4.8% increase. This growth, we know, is driven primarily by demographic trends, not growing pharmaceutical prices. Moreover, the drug budget growth in 2010 is expected to drop to 1.2% when compared to a roughly 6% to 7% increase in overall health care costs.

Let's talk a little bit about innovation. In much the same way that the troubles with the global economy have had a devastating impact on the Ontario economy, so, too, have the changes in the global innovation ecosystem dramatically lessened the ability of Ontario to compete for R&D dollars against Brazil, Russia, India and China, the BRIC countries, whose cost structures for research are fundamentally different than here in Canada.

Ontario accounts for less than 1% of the global sales of branded pharmaceuticals and contributes significantly less than that to the overall global profitability of our business. It attracts only one tenth of 1% of the global R&D dollars that our industry invests every year. In this global context, I'm here to tell you that from a biopharmaceutical perspective, Ontario needs to do more to attract its share of our overall global R&D dollars.

One of the biggest reasons for Ontario's poor showing is Ontario's record of investing in our innovations. Only one in five new products that we bring to market is broadly reimbursed by Ontario public drug programs.

Canada ranked 23rd out of 29 countries in the IRAM report from a positive CDR-recommendation perspective. Within Canada, Ontario falls behind most provinces in terms of time to listing and percentage of drugs listed.

Since 2007, Ontario has twice altered its reimbursement policies to exercise its market power over pharma companies. Less than one month after the last round of policies were implemented in 2010, we learned of yet another new initiative from Ontario, this time with a plan to further commodify innovation by initiating and leading a pan-Canadian bulk purchasing alliance. The message that this sends to our global headquarters and to my leadership across the organization is that Ontario views our innovative products as commodities and that its singular focus is leveraging its buying power, not leveraging its knowledge economy. Although Rx&D companies spend close to \$570 million in R&D to support Ontario's knowledge-based economy, the current policy environment in Ontario makes sustaining this investment extremely challenging.

Ontario's standing in the global context flows from, in part, its approach of lack of funding incremental innovation in the drug program. Let me explain to you what I mean. Progress in the creation of new drugs, or any technology, for that matter, almost always comes in small increments. When you compare a new drug to the drug that preceded it, you may only find small differences in the benefits it offers, but these increments accrue with time in an extremely competitive drug ecosystem.

Let's talk a little bit about a technology that may be more familiar to each of us in this room, and that is the BlackBerry from Ontario's Research In Motion. If you look back at the original BlackBerry 950, which was developed in 1999, it was a low-resolution screen that could display about eight lines of text. It can email, but you can't call on it, you can't access the Web; it's basically a sophisticated pager. For those of us who have the new BlackBerry Torch, it's a super-clear touch screen. It connects to email and calendaring systems seamlessly. It takes pictures, plays your music and connects to the Web. It can listen to a song playing on the radio and tell you who the artist is and what song is playing. You can control it with your voice. These two devices are vastly different; however, if you pick two adjacent devices within a continuum of that development, the differences would be very small from the first 950 to the second one, all the way through to today. Technology journalists, even now, are arguing over whether the new Torch is even better than the previous one.

Why is this important? Because incremental innovation in pharmaceuticals has followed a similar path. If we look between 1995 and 2002, the death rate from HIV/AIDS in Canada dropped by about 80%. Between 1980 and 2002, the death rate due to heart attacks in Canada fell by 67%, and for bronchitis, asthma and emphysema, the death rates have fallen by 75%. Gastroenterology wards in hospitals dedicated to ulcer surgery no longer exist. The majority of this impact has been because of advancement in pharmaceutical care.

The bottom line on this is, if we don't invest in incremental innovations, you won't accrue the macro-innovations that dramatically increase our ability to improve the health of Ontarians.

Our industry's role in Ontario's innovation economy is one aspect of the value that we contribute to the health care system, but the role of innovation perhaps is more important to Ontarians broadly when it comes to the sustainability of our health care system. Much has been written about the sustainability of the health care system, in Ontario and around the world; with 50% of the current provincial budget going to health care and the looming baby boomer generation entering their peak health care need years, rightly so. The notion of health care sustainability has become the central logic of most health care reform initiatives. What is concerning, however, is that instead of making investments to improve the productivity of health care investments, governments have pursued cost-cutting as the main health care system reform focus.

We agree that the sustainability of the health care system is the single thing we all need to address. However, as I mentioned earlier, doing more with less requires innovation, not cost containment. The appropriate use of innovative medicines and vaccines can help the Ontario government manage its overall health care budget by lowering or avoiding costly expenditures in other parts of the system, particularly in primary care. Innovative medicines are proven cost-savers, as they help patients live longer, more productive lives, reduce costs related to employee absenteeism and productivity, and lessen demands on other components of the health care system by reducing hospital stays and surgeries.

One of the best illustrations of this is the Asheville diabetes management project that was done in Asheville, North Carolina. By increasing access to innovative medicines, it demonstrated that although prescription costs increased, direct medical costs decreased in every year over the five-year study period. The net financial benefit was insurance savings per patient per year of \$2,700 in the first year, growing linearly to \$6,500 in the fifth year. In addition, sick days were reduced in every year, generating significant productivity savings. In the end, \$4 was saved for every \$1 invested in the program. As importantly, key health outcome metrics of diabetes control improved in every year of the project.

Another example of this in Ontario is the impact on hospital staff and resources resulting from fewer Ontarians getting their flu shot this year. Recently, the Premier and the Minister of Health asked Ontarians to get flu shots to build their immunity against the flu and to ease the increased burden that flu cases were placing on hospitals.

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This brings me to my final point. If we are to be successful at stemming the tsunami of diabetes, Alzheimer's disease and cancer that will overtake our health care system in the coming years, we have to work together. Governments, patients, physicians, pharmacists, nurses and pharmaceutical companies must work col-

laboratively and value the contribution that each brings in a coordinated campaign to eradicate disease and foster health promotion.

In conclusion, Rx&D companies are urging the Ontario government to support an innovation agenda that will contribute to the sustainability of the health care system. To this end, we recommend the following three things:

(1) That we expand the scope of Ontario's current product listing agreements to capture additional value for the health care system through collaborations such as chronic disease management programs, adherence and compliance programs, and research and development partnerships.

(2) That we develop an innovative medicines procurement system that supports and recognizes the value of innovation to Ontario.

(3) That we improve the rate of positive formulary listings for innovative medicines and accelerate the time to listing.

Our industry is very interested in working with the Ontario government to help solve the health care sustainability issues in this province and to strengthen our economy. We believe that Ontario can emerge out of its current deficit situation in a position of economic strength with sustainable health care for its citizens fuelled by innovation. By working together—and I mean by working together as a group, as a partnership—we can make Ontario and Canada one of the best places for innovation in health care in the world. Thank you very much.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to the official opposition. Mr. Barrett.

Mr. Toby Barrett: Thank you for your presentation on the importance of research in pharmaceuticals in our health care system. As a rural MPP—you have a face in small-town Ontario: the main street pharmacy. Certainly in my area and much of Ontario, they've been going through some tough times, but people have trust, almost affection—many people have affection for their local pharmacist. From a public relations point of view, if you will, these pharmacies serve you well. They are under threat, many of them; we're concerned. I think of several towns in my area. If I lose the drugstore, that means a 20- or 25-mile drive for people in that community to get to the nearest drugstore.

Many of the local pharmacies are angry with the present provincial policy. What are your company or other companies doing to help out?

Mr. Hugh O'Neill: I think there are two areas that I'd like to point out. One is, we strongly support the role of pharmacists. We actually think pharmacists can play a role as a health care practitioner and that the government should be working with them to reimburse them for cognitive services to help patients. What I mean by that is, historically, pharmacists have been reimbursed based on the drugs they actually fulfill. What we're saying is, changing the reimbursement system to pay them to help get patients through the management of their disease, to help to coach them on what they should be doing to stay

compliant, to stay on their medicine, to follow their doctor's orders, to do the necessary lifestyle changes. There's a real value in that. What has been shown is that that has actually decreased costs elsewhere by paying pharmacists that way. So it's really about changing the model, about letting pharmacists become a health care provider and practitioner as opposed to just the dispenser of the medicine.

Mr. Toby Barrett: Okay. I don't have a brief; I couldn't take all the notes. Your company I think is—what?—third-largest in the world or something?

Mr. Hugh O'Neill: Fourth.

Mr. Toby Barrett: Fourth-largest. I read this in *The Economist*. Something like—I'm not sure—20% of pharmaceuticals and medicines worldwide are apparently counterfeit. I've seen some of this in India, Nepal, countries like that. Here in the province of Ontario, close to 50% of tobacco is counterfeit. We can't seem to control it in this society. Are those figures accurate? And what is your industry doing? That's incredible to think someone would be purchasing a substance, say for diabetes or something, and it's phoney or bogus.

Mr. Hugh O'Neill: It's extremely alarming. I will tell you what we have done and where the industry is on this. We are constantly working to make our packaging and make our product less likely to get access to counterfeit.

Now, that also challenges enforcement. There are laws on the books now, especially here in Canada and other markets, that are specifically designed to mitigate counterfeit medicines, but enforcement becomes absolutely critical. We are working with Health Canada here locally as well as with the RCMP nationally and within provinces, and the FDA down south, to get at some of this. I will tell you that it is extremely alarming for us that a patient goes to a drugstore after seeing their physician, thinks they're going to get a certain drug to treat a certain disease, and what they end up with has no active ingredient and actually ends up hurting them.

We are working closely, even with radio frequency technology on our products, in order to put it into the supply chain to secure the supply chain. But it takes an enormous amount of time to turn that supply chain. It has to go all the way through wholesalers as well as pharmacists.

Mr. Toby Barrett: Is there any of this stuff being smuggled in or shipped into Ontario or Canada? Are there examples?

Mr. Hugh O'Neill: I'll just speak from my own personal experience in my own organization. We know that we have some counterfeit issues coming out of Ontario, yes, and we're working closely with local law agencies to address that, as well as with Health Canada.

Mr. Toby Barrett: Good.

The Chair (Mr. Pat Hoy): Thank you for your submission.

Mr. Hugh O'Neill: Thank you very much.

COLLEGES ONTARIO

The Chair (Mr. Pat Hoy): Now I ask Colleges Ontario to come forward, please. Good morning. You

have 10 minutes for your presentation. The questioning in this round will go to the NDP and Mr. Tabuns. I just ask you to identify yourself for our recording Hansard.

Ms. Linda Franklin: Thank you. I'm Linda Franklin. I'm the president and CEO of Colleges Ontario. Beside me is Tony Tilly, the chair of Colleges Ontario and the president of Fleming College, and Marsha Josephs and Bill Summers from our staff.

Thank you, folks, for the opportunity to appear before you today to chat a little bit about the 2011 pre-budget consultations. You've got a copy of our budget submission. Today, in the interests of time, we're going to focus on three key issues: why the government must stay the course, in our view, and continue to invest in colleges; enrolment funding; and deferred maintenance.

As many of you know, and it's certainly been in the media for quite a while now, Ontario is facing a skills shortage crisis that is coming at us like a tsunami. It's a perfect storm that's brewing. With the aging population and the emerging knowledge economy, we need more people with post-secondary credentials than ever before. The government has set a goal of a 70% post-secondary attainment rate; it's an ambitious goal, given where we are today. We don't believe that that number, even though it's ambitious, is even high enough for the next 20 years.

The economic downturn has slowed retirements as well as job growth temporarily, and it's managed to mask that problem that's coming at us—but only temporarily. There is no question that even though we have a bit more time than we thought we might have to deal with this crisis, Ontario must be vigilant about the impact of our aging population on the workforce.

As well, even though there are many people still looking for work and jobs needing to be filled, many of the unemployed cannot move into those jobs because they don't have the skills required.

You'll know that we have communities like Kitchener, Waterloo and Cambridge, RIM's hometown, where there are difficulties filling high-skilled positions at the same time that we have unemployed folks looking for work who don't have the necessary skills to fill those positions. This is a microcosm of what our entire economy will look like in the next few years unless we do something now to address that challenge.

The former president of Seneca College, Rick Miner, completed a report just a few months ago that many of you will be familiar with, *People Without Jobs, Jobs Without People*. It identified, I think for the first time, that double challenge of a shrinking workforce coupled with the need for increasing skill levels to manage the jobs of the knowledge economy. His report found that in the coming years, we'll need to increase educational attainment so much that almost 80% of our workforce will need some form of post-secondary credential.

In British Columbia, there was a recent headline that said, "Skills Shortage Threatens to Delay BC Power Lines: With infrastructure maintenance piling up, who will build BC's expanding power grid?" This is just the

tip of the iceberg, and if we can't find ways to answer that question in BC, in Manitoba, in Ontario, or in Newfoundland, then we will not keep businesses here or in our country.

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Today, in fact, representatives of the community college system across Canada are in Tanzania helping their government establish a community college system. Why? Because when Intel cancelled plans to build a major manufacturing plant there—because they didn't have enough skilled workers—the country realized it had to find a way to change the future.

In Ontario, frankly, we're lucky. We're way ahead of this curve. We recognized quite a long time ago that post-secondary education is critical. We've been spending time and energy establishing a community college system, building it and funding it, along with universities. Even so, this challenge hasn't gone unnoticed by our own business community. A recent PricewaterhouseCoopers survey of Canadian CEOs showed that one of their top concerns is the availability of skilled workers for the future.

They're not alone; the challenge is a global one. Countries like the United States and Australia are making significant investments in post-secondary education to address this crisis. The US government is pouring money into post-secondary education, even during a recession, because they realize that, in the future, a strong, productive economy will require countries, in Barack Obama's words, to "out-educate" the competition. That's the challenge in front of us.

Clearly, if we want businesses to stay and invest in Ontario, innovating and creating good jobs, we have to ensure that we have the skilled workforce to help them reach those goals. But it isn't just about increasing levels of education, I'd submit; it's also about having a workforce with the right education. In the recent State of the Union address, President Obama said, "Because people need to be able to train for new jobs and careers in today's fast-changing economy, we're ... revitalizing America's community colleges."

Jobs of the future will require practical and specialized skills, the kinds of skills community colleges teach. And increasingly, as our workforce contracts, employers will need new workers to hit the ground running as soon as they are hired. That's also what community colleges do. Today's students recognize this and, as a result, our enrolments are climbing rapidly.

Investing in human capital is critical to economic success. Investing in Ontario's colleges, we believe, will help our economy and help people get the necessary skills they need for good jobs.

I'm going to turn it over to Tony now.

Dr. Tony Tilly: Good morning. The government is to be commended for investments made through Reaching Higher, as there have been positive results. We see this in our key performance indicators, where, even in this difficult economy, 85% of the colleges' most recent graduates found work within six months of graduation.

The recent credit transfer announcement is welcome news for colleges. We believe this is a good first step to saving students time and money as they get the theoretical and practical training they need to be competitive.

In these tough economic times, we recognize that the government will have tough choices to make. We encourage the committee to recommend that the government continue to invest in colleges because, by doing so, you are investing in the future health of the province.

On enrolment: More and more students have realized the need for further education. As a result, colleges face a significant enrolment challenge. A college's ability to provide quality and access is in jeopardy because funding has not kept pace with enrolment. College enrolment is up 6% this year, and we are seeing more people choosing colleges to get the necessary training they need for the transitioning economy. We expect this trend to continue.

Investments in colleges are necessary if the government is to reach its goal of a 70% post-secondary attainment rate. It is also important to recognize that an estimated 40% of high school students don't go on to post-secondary education. We cannot let these people drift into poverty.

Aboriginal individuals, the disabled, first-generation Canadians and low-income workers are traditionally under-represented in post-secondary education, and we must change this reality for their future and the future of our economy. As we reach out to students who traditionally have not gone on to post-secondary education, we do need additional resources to provide the supports they need to succeed. Even so, there is no question that we must continue to reach out to them, because we know that a college education is the best route to a good job and a means for lifting families out of poverty.

To do this job effectively, colleges are requesting \$108 million to address enrolment pressures so that we can continue to provide Ontarians with the high-quality, job-specific education they need to succeed in this economy.

Now to deferred maintenance; this is the other area we would like to speak to. We are pleased that the government is developing a 10-year capital plan, as this has been a constant source of uncertainty for many years. As a result of many years without such a plan, colleges are facing a significant deferred maintenance backlog. The estimated deferred maintenance backlog in the colleges is in the \$550-million- to \$750-million range, recently confirmed by the Auditor General. The current level of annual provincial funding to the colleges is \$8.7 million. The Auditor General recommended that the Ministry of Training, Colleges and Universities work with the colleges to tackle the deferred maintenance backlog. Colleges are requesting \$100 million for infrastructure renewal, to help us begin to tackle the critical deferred maintenance challenges our campuses are facing.

Ms. Linda Franklin: In conclusion, folks, we realize these are big numbers, and we realize that we've been lucky, because, frankly, Ontario governments traditionally over the years have supported higher education; not

always an easy decision, and in tough times, really not an easy decision. But it's the right decision, we think, and a decision that we believe needs to continue.

We think the government has to protect and build on the gains that have been made in post-secondary education because these gains are critical to our economy. We only stand here today in the relatively good position we're in because of years of investments by governments in education.

We think it's more important than ever that we ensure higher education and skills training is provided to greater and greater numbers of people from all socio-economic groups, and we have to ensure that supports are in place to help learners complete their education. There's not much value in getting a whole bunch of access if, at the end of the day, students come in and don't graduate. Clearly, that's a challenge for all of us.

We think we can demonstrate, because we have over the past many years, that investing in colleges produces great results: high-quality, relevant training that lets our graduates enter the workforce ready to contribute fully to the future. That investment has never been as important as it is today—for young people, for workers needing retraining and for the health of the province's economy.

Thanks very much.

The Chair (Mr. Pat Hoy): Mr. Tabuns will be putting the questions.

Mr. Peter Tabuns: Thank you all very much for coming in and making this presentation. I would say that people around this table have some understanding—maybe a fair bit of understanding—of the value of education.

The numbers that you've presented, the two asks—let's go first to the \$108 million for addressing enrolment questions. What does that break down into? What does that give us?

Mr. Bill Summers: That is an estimate of the amount of enrolment in the past two and a half years and forecast for next year in terms of our growth that the province is not currently funding. So there is a lag in the way the province funds our enrolment. When you measure what we're funded for now and the growth since then and what we're projecting for next year, it's about 20,000 one-year student experiences, which translates to roughly the \$100-million figure.

Mr. Peter Tabuns: So that's for faculty, support, operations—

Mr. Bill Summers: Exactly. All the costs that are required to support a quality learning experience for the student.

Mr. Peter Tabuns: And if those funds weren't provided to you, what would be the consequences?

Mr. Bill Summers: I could make one comment, and Tony may wish to. Every time the costs are not met it contributes to an erosion in either the quality or the access agenda. Colleges don't have the resources to provide the supports that students need to be as successful as they can be. It does, unfortunately, contribute to an erosion in the quality of the education and sometimes in

the colleges' ability to bring in and support some of the at-risk student populations.

Mr. Peter Tabuns: So when you say "quality," what that translates into is larger class sizes, less after-hours support, less administrative support for the people who are doing the front-line teaching. Is that correct?

Dr. Tony Tilly: That's very much it. From an individual college perspective, your alternatives include larger classes, fewer program hours, less support through counsellors, special needs and the like. It's an inside-the-classroom and an outside-the-classroom adjustment that you have to make.

Mr. Peter Tabuns: So this \$108 million is just to preserve the status quo. Right.

The \$100 million for infrastructure renewal and the scale of deferred maintenance you're looking at: What are the consequences if the \$100 million is not provided?

Mr. Bill Summers: The backlog continues to escalate in terms of the size of it. In addition, it's a bad management system to let your physical plant deteriorate. But there can also be occupational health and safety issues that come as a result of it. It certainly can impact the quality of the learning experience for the students if they're in facilities that are not well maintained. So it's a debt that everyone understands just gets worse and worse.

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Mr. Peter Tabuns: So has anyone done a projection of the increased cost of repair in the future from failure to act now?

Dr. Tony Tilly: We have, through our plant managers, statistics on that. The point that we'd like to make is: The colleges were created in 1967. A lot of the early growth was in the 1970s, so we have structures that are essentially at that 40-year mark now. It's a matter of refurbishing everything from heating, ventilation, air conditioning, to all of the other upgrades that are associated with deferred maintenance. Pushing those off, at this stage, makes it more expensive and also postpones the savings that we would like to achieve through upgrading energy efficiency and other ways in which we need to green our existing stock of buildings.

Mr. Peter Tabuns: All of that makes sense to me. Can anyone provide us with the quantities on that?

Dr. Tony Tilly: I cannot provide that off the top of my head. I can certainly get that information.

Mr. Peter Tabuns: If you could get that information to us, give it to the Clerk, Sylvia, so she can circulate it to the rest of us. That would be very useful.

Dr. Tony Tilly: I appreciate the opportunity.

Mr. Peter Tabuns: I have no further questions. Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CHILDREN'S MENTAL HEALTH ONTARIO

The Chair (Mr. Pat Hoy): Now I ask the Children's Mental Health Ontario to come forward, please. Good

morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this case, it will come from the government. I just ask you to identify yourselves for the purposes of our recording Hansard, and then you can begin.

Ms. Bronwyn Loucks: My name is Bronwyn Loucks.

Ms. Camille Quenneville: Good morning. My name is Camille Quenneville.

Ms. Bronwyn Loucks: Thank you, Mr. Chairman and members of the committee, for the opportunity to be with you today. As mentioned, I'm here representing Children's Mental Health Ontario as both a board member and as chair of the youth action committee at CMHO. But I'm really here today to tell you about my personal story and why I feel so compelled to advocate for a sustainable system of child and youth mental health services across Ontario.

I grew up in Chesley, Ontario, a small, rural community in Bruce county. Growing up, I seemed like a confident little girl, one who grew from a strong foundation of self, built from love of her family, her creativity and her academic pride. However, inside of me, different themes were emerging, and they were developing into strong currents that would manifest into an anxiety and an eating disorder. In grade 8, my treatment for anxiety and bulimia began. Looking back, I can only imagine what a shock and scare it was for my parents and friends to find a way to help me.

The Chair (Mr. Pat Hoy): If you could just move back a little bit, you're a little too close.

Ms. Bronwyn Loucks: Sorry.

Our family doctor worked hard to help find us services. There were no professional supports anywhere near where I grew up—no psychiatrists or psychologists. I was eventually treated in a residential facility in Owen Sound for three months, away from family and friends. This distance was, in fact, a relief. I was grateful not to have to face the stigma associated with mental health issues in my community.

My parents and I travelled all over looking for services, to London and Durham county, in addition to Owen Sound. Even with my parents' relatively sophisticated knowledge of the health care system and my family doctor, we struggled immensely. There was no clear or quick treatment path.

My story, while it contained many struggles for my family, friends and me, is really one of success. Beginning in grade 8, I received treatment, and was really unhealthy throughout all of my high school years. I remember those years as feeling overwhelmed, feeling as though I was moving through a tornado, thoughts whipping around me, muddling me up and confusing me. I eventually received treatment, and became involved with Keystone Child, Youth and Family Services in Owen Sound.

As a board member at Keystone, I was encouraged to become involved in a youth group called The New Mentality, at the time a partnership between the Provincial Centre of Excellence for Child and Youth Mental

Health and Children's Mental Health Ontario. The New Mentality, a program I am still involved with and care very deeply about, brings together young people in a supportive environment to talk about mental health and to reduce stigma.

I am now in my fourth year at Queen's University, studying fine arts. In looking back, I am so grateful for the counsellors who I was fortunate enough to see on an ongoing basis, who allowed me to feel comfortable seeking their guidance and help. I am also so thankful to have been involved with The New Mentality, for being placed in a supportive environment and network which encouraged me to feel comfortable with myself, to overcome the guilt and stigma associated with mental illness and, ultimately, to heal.

However, throughout my involvement with The New Mentality, I have met and I continue to meet young people who are not nearly as lucky as me. They do not have supportive friends or families. They do not have an advocate in their family doctor or anyone else who can help them navigate the system and encourage them not to give up. They continue to struggle to get the help they need, regardless of where they live in the province. In fact, my voice here today represents the 10,000 young people waiting for mental health services in Ontario.

In front of you is the pre-budget submission from Children's Mental Health Ontario. You'll note the request for funding of \$200 million over the next four years. The board of Children's Mental Health Ontario determined that \$29 million of the \$50 million called for in funding for this year is needed to increase the capacity in the system and manage wait-lists.

Children's Mental Health Ontario collects data through the brief child and family phone interview, an intake tool used in our member agencies. This data has revealed that it takes, on average, six months before 90% of children and youth identified with a mental health issue have begun treatment. This is unacceptable and it is heartbreaking. These children and youth, my peers, are diagnosed and suffering from a wide range of social, emotional and behavioural issues. These include bullying, violence, defiance, ADHD, eating disorders, depression, self-harm, anxiety and addictions. These are incredibly painful illnesses that can, if left untreated, stop a child from advancing to furthering their education and fulfilling a dream, among other things. It is so hard to imagine a physical health issue being ignored or left untreated in the same manner as mental health issues in children and youth.

Along with the need to reduce wait times and provide more and efficient services to young people is the need to invest in evidence-informed practices. CMHO's member agencies are implementing evidence-informed practices as efficiently and effectively as possible, but need financial assistance and ongoing training and support to ensure that a uniform level of service is received regardless of where a child or youth lives and undergoes treatment in Ontario.

The Provincial Centre of Excellence for Child and Youth Mental Health at CHEO and the Ministry of Child

and Youth Services, in conjunction with CMHO member agencies, can determine which programs should be funded and expanded. CMHO has requested that this work be undertaken with particular attention paid to excellence, innovation and regional balance across Ontario. A total envelope of \$11 million is requested for this effort.

Finally, \$10 million is requested to immediately focus on system infrastructure, to encourage the implementation of the policy framework, which was completed more than four years ago by the Ministry of Child and Youth Services, and to address the lack of database management and information technology capabilities, which informs practices.

The requested injection of \$50 million this year will significantly improve services for young people who continue to wait, and the full implementation of \$200 million over four years will address the chronic lack of programs and services available to my peers.

Thank you so much for your kind consideration in allowing me to tell my story here today. I really have faith that we can do better as a province, and I'm sure that you do too. We stand with all of our child and youth-serving colleagues, especially those who serve kids with extraordinary needs to ensure that they have a future all Ontarians desire.

Camille and I look forward to your questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government. Ms. Pendergast.

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Ms. Leeanna Pendergast: Thank you, Bronwyn, for your presentation, and Camille, for being here.

Bronwyn, I want to thank you for your personal stories. Those are always the ones that become so meaningful. It takes the words off the page. Thank you for that, and I congratulate you for your studies in fine arts.

There's so much I have to ask about, I have such limited time, and I want to let you speak. We heard throughout the province as we travelled last week, from provincial advocacy groups and from mental health organizations, about a lot of things, but an underlying theme is children's mental health and to support and fund children's mental health.

I wanted to go through some of the particulars of what you're asking for in terms of \$24 million to manage a wait-list. What would that look like? The \$11 million for evidence-informed programs: What does that look like?

But in case I run out of time, I really want to start with saying that we hear you. The government has a committee that's just finished, as you know, their tour of the province and presented a report to the minister on mental health in the province. Children's mental health plays a large role in that report. Also as a high school vice-principal, I was at seven different high schools, two rural. My largest concern was supports for children's mental health in schools and that co-operation with schools.

I'm concerned about the wait-list comments that you make. You said a six-month wait-list for service when

identified. I'm going to ask you, as a vice-principal now, what work are you doing in terms of those who haven't been identified? I mean, I see a lot of requests for money for programs that exist, but what supports are there for community groups, parents or schools for the identification process, because that seems to be a huge area of concern?

Ms. Camille Quenneville: There were a number of questions in there. I'm going to tackle the last one.

Ms. Leeanna Pendergast: Sorry.

Ms. Camille Quenneville: No, I'm grateful for that.

I just want to start by saying I agree with you. I don't ever recall a time that I've been associated with this cause where there has been as much attention as there has been certainly in the last year through the media, certainly through MPPs and your work here at Queen's Park, the select committee and the minister's advisory committee. We know we're on the radar. I think the issue is that something has to be done. There seems to be an identification; as you point out, everyone's come to the table and agreed that this needs to be tackled. I think we just need to get there at this point.

To answer your initial question about what we're doing for kids who aren't identified, that's probably the biggest hurdle that we face, because we know that one in five children across Ontario is going to struggle before they're 18 with a diagnosable mental health issue. Bronwyn pointed out the litany of different diagnoses that exist. The difficulty is, to be quite frank with you, that the wait times within our agencies are so long that it's really a detriment to identifying more kids because all you're doing is warehousing them on longer wait-lists. So there's a reluctance on behalf of educators to talk to their community provider because they realize that, in many cases, that's a dead end. There's a reluctance on the part of GPs and family doctors for the same reason.

Our concern is the immediate 10,000 that we know of who really, really need treatment, and then to work to reduce the stigma to get those people to come forward to try and get help. Part of the difficulty is that parents don't want to actually accept that there may be an issue with their child. It's most frequently, as you would know, their teacher who will come to the parent and say, "There's something happening with your child in the classroom." The difficulty then is what to do about it because the supports aren't there.

If I may, I'd like to touch on your question about the \$24 million with regard to wait-lists. That's to build capacity within the system. That's looking at adding services directly into the 90 community-based mental health agencies that are accredited in Ontario. It's providing dollars for social workers, for psychologists and, on a good day because they're so rare, child psychiatrists to be able to do that work locally in communities. There are three professionals, if you will, and one administrative staff that make up the \$24 million in total.

The additional \$5 million, for a total of \$29 million in that area, goes directly to talking about and dealing with youth suicide, which is becoming an increasingly

significant issue in our communities. It has always been very much under the radar, if you will. Lately, there's been a lot of attention paid to this issue. It continues to be an example of what happens when the system completely fails and these kids don't get the help they need.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CANADIAN AUTO WORKERS

The Chair (Mr. Pat Hoy): For the committee, none of our next three presenters are here yet or prepared to give their brief—

Mr. Ken Lewenza: If I can just—I apologize. I can do it without Jim Stanford, if the committee wishes, unless you guys wanted a smoke break or something.

The Chair (Mr. Pat Hoy): No. We'll hear from you, then. I was advised that he was waiting for the other person.

Mr. Ken Lewenza: I do apologize. Jim Stanford may join me, and if he joins me during the course of the presentation, I'll introduce him appropriately.

Before I begin, Patrick, I want to wish you the very best in your future endeavours and thank you for your public service. To the rest of the legislators, I'm not sure whether you're seeking re-election or not. I obviously follow Pat because he's from southwestern Ontario, but I want to wish all of the legislators the very best. Through you, I want to acknowledge the good work of public service, of all legislators, quite frankly, outside of partisan politics, because I think public service is a noble cause. So Patrick, good luck in your retirement and thank you for your contribution to the province of Ontario—and others who may be contemplating retirement.

On behalf of the Canadian Auto Workers union and its roughly 120,000 members in Ontario, thank you for the invitation to appear before your panel today to express our views and priorities for the provincial budget. We offer our comments and suggestions in a constructive, non-partisan spirit.

We recognize the difficult and competing pressures which the current Ontario government is attempting to balance. And while we do not endorse every decision this government has made, it is only fair to commend the positive initiatives that have been taken in many areas: support for the automotive industry and manufacturing in general; environmental initiatives like the Green Energy Act and its made-in-Ontario manufacturing policy—I think that's incredibly important for the future in terms of government dollars being used to invest in the province of Ontario; and obviously, we commend the government for a higher minimum wage, full-day kindergarten, cutting the cost of generic drugs and others.

At the same time, we can't collectively sit on our laurels. There's much more that needs to be done. Hundreds of thousands of Ontarians are desperate for good jobs, for security, for public services. They are suffering, and they deserve better from this province and from this government.

Let me say a few words about the general economic and fiscal climate of this year's budget. We all know that the present deficit was caused by the recession and that the recession was caused by the private financial industry. It amazes me that there is so much anti-government rhetoric these days, whether it's about the deficit or taxes or whatever, from the Tea Party in the US and from their friends in Canada—what I might call a Tea Party North. Our central problem was clearly not caused by government. It was caused by the private sector—and I believe each and every one of you are aware of that—and by private banking, in particular; we can't forget that.

The finance minister has laid out a gradual timetable for eliminating the deficit by 2017-18; we endorse this timetable. We reject the fearmongering of those like the Tea Party who demand much faster deficit reduction. Cutting government programs is the last thing our economy needs. The recovery is already too weak. I've listened to a couple of presentations prior to my presentation, and I think the services are incredibly important.

The budget will get a bit of a boost, I know, thanks to the turnaround last year at General Motors and Chrysler. Again, I must commend the government for its support in the auto rescue. I thank each and every one of you for that support. We said at the time that it was not a bailout; it was an investment. The Tea Party North scoffed; they said it was more money down the drain. We were right; you were right. The companies are back on their feet, and tens of thousands of people are still working and paying taxes. The federal government says that it saved 52,000 jobs; we in the CAW would suggest it's more.

This year, Ontario will receive a budgetary gain because the companies' shares are rising in value. That's great, and I want to encourage you to hold on to those shares. Again, I think everybody recognizes that the IPO at General Motors was a great success. There's an anticipation of an IPO coming out of Chrysler Corporation, and each and every one of you should know that if the share value at General Motors reaches \$55, every single dollar will be repaid back to government, and the same would apply for Chrysler Corporation. It has a turnaround plan that is nothing short of miraculous at this particular time. So again, I would ask government to consider maintaining their shares in those companies as long as they possibly can to use those shares as leverage for future investment. You need to have leverage today to obviously get investments from auto companies, recognizing the global challenges we have. They will be worth even more in the future. More importantly, you can use those shares, like I said, to leverage more investment in the province of Ontario.

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Programs like Ontario's AMIS programs, where the participants with companies on new investments are far more effective than the corporate income tax—we do not support the corporate tax cuts of this government or of the Harper government. The auto companies themselves have told us there will be no difference in investment in Ontario. Remember, US companies have to pay a mini-

num of 35% tax on their global profits. If we cut our taxes below 35%, then the US government takes the difference. Think about that. We cut taxes to companies, they tax at 35% in the United States as a result of being a US-based company, so the tax breaks we give them go back to the US government. It's trickle-down economics. All we do is transfer revenue from one government to the United States government. That is insane, as I suggested, but that's what we're doing when we follow trickle-down logic.

Our written brief makes a number of specific proposals and suggestions. I don't have time in my 10 minutes to go through all of them, so let me just summarize.

We need legislative protection for workers who lose their severance when a company goes bankrupt, and we've all experienced in each one of our workplaces that experience in the last couple of years.

We need stronger training and adjustment programs like Second Career. It is very popular, but it must be extended and improved to meet the needs of the future. We also need basic skills and literacy training.

We need better standards in health care, especially long-term care, where many of the facilities are privately owned. There should be at least 3.5 hours of care per patient per day. Many of us in this room have been advocating for support for those clients in long-term-care facilities. Government has been publicly sympathetic in this particular area, but, again, we haven't changed the regulations to protect those obviously vulnerable folks in long-term care.

We need to improve the ability of workers to get a decent income from their jobs. That's just as important for reducing poverty as social security programs are. We propose boosting the minimum wage to \$11 per hour, taking action to level the playing field in collective bargaining so workers have a fair shot at forming a union and getting a first contract, and regulations limiting precarious work. If anybody takes a look at the data, every place in every country where there's a strong union, there's obviously strong opportunity to reduce poverty. There's a connection, and I would ask everybody to understand that, and I'm sure you do.

Finally, we propose further investments in child care, social assistance and other essential public programs.

That's it. Again, my time is up. I'll admit, these are challenging times to be a finance minister, almost as challenging as being a union leader. Yes, we've got a cyclical deficit, not the biggest in history, but big. But that cannot stop us from doing things we need to do to improve the quality of life for citizens in the province of Ontario.

I would also like to raise to the finance committee and ask for your advocacy work. Let me give you an example of a crisis today. In the community of Lakeshore, we have La Chaumiere seniors' home—not a long-term-care facility; a seniors' home—with 65 residents. In the last seven weeks, workers have not been paid by this employer. We are using all of our legal tools and processes to get these workers paid, but there are 65 residents in

that home who are feeling more insecure each and every day as a result of this crisis.

I would ask all of the provincial legislators to advocate the possibility of government taking over this facility in the interests of the 65 seniors who are in there. Rest homes today, folks, aren't the rest homes of the past. Half of the residents in there are suffering from some kind of a disability, whether it's schizophrenia or diabetes. If I pull our members out, then, quite frankly, 65 people are vulnerable, and we're not prepared to do that. Our members have been very respectful in the process and I would ask for your advocacy work. I've already contacted the minister for seniors asking for her support in that particular area, and I'd ask for your support.

Last but not least, if I can, I want to raise a situation, Mr. Hoy, in your riding: International Truck. This government and previous governments supported International Truck, both at the provincial and federal levels, to keep that plant here and keep it operating in lieu of moving to Mexico, and for the last 18 months, our members have been laid off. I would ask the government to use the power of government, the power of the loans that they provided them to keep production in Ontario, to force International Truck to find a resolution. Obviously, the economy in the United States is not going that well. Trucks are not under demand. But this is a huge employer in the community of Chatham. They need the support of all levels of government to get this plant operating and get people back to work.

I would like to thank all of the legislators again for giving me this opportunity, and once again, I want to acknowledge the legislators of all political parties for their work. Those who are retiring: The CAW offers you nothing but the best moving forward.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Mr. Miller.

Mr. Ken Lewenza: I'm old enough to have worked with your dad, so be careful.

Laughter.

Mr. Norm Miller: Thank you for your generous comments this morning. Welcome, Mr. Stanford, as well. I don't think we've got your written presentation—

Mr. Ken Lewenza: Excuse me, folks. This is Jim Stanford. He's the Canadian Auto Workers' economist, and obviously does a lot of work for the province of Ontario and others.

Mr. Norm Miller: I guess my first question would be just about the general challenges for the automobile sector in Ontario, what you see as being the big challenges. We've heard from lots of groups now. This is our seventh day on the road. We heard also that China—I think they said that China was going to produce and consume more automobiles this year than Europe and Japan combined. We've heard concerns from business about increasing costs—WSIB, energy costs. I wonder if you could tell us what you see as the future of the auto sector and the challenges in Ontario specifically.

Mr. Ken Lewenza: I still believe Canada has some huge advantages in the area of productivity. The reality is

that when we're measured against any member throughout the world by independent studies, quite frankly, our productivity and the quality of our membership are, again, ahead of many.

Obviously, I believe our universal public health care program continues to give a competitive advantage to the auto industry. I believe—and again, this is up for public debate, but one of the ideas of the HST was to stop the pyramiding of taxing and then give an advantage to manufacturers as a result of eliminating the pyramiding taxes, ultimately reducing prices in the province of Ontario.

I think there's still a lot of constructive work that has to be done in the province of Ontario and the automobile industry, but again, we are in a situation at this particular time as a result of investment in the last couple of years—and the new products that are coming out: We've positioned ourselves as well as we possibly could for the three to four years ahead, but what we have to start talking about is investment beyond that three- or four-year product cycle, and we are in the process of doing that.

On top of that, again, I don't want to have a debate about this particular issue, but I do think that we have to continue to talk about reciprocal trade—value, dollar for dollar, on our trading countries. If we don't have reciprocal trade, then long-term, I think our entire manufacturing base is in jeopardy. I'd ask everybody to consider that in your deliberations.

Again, I think the auto industry has positioned itself and the CAW has done everything in its power to ensure that we maintain the productivity and equality to ensure that consumers got the best protection for the vehicles they build.

Mr. Norm Miller: Mr. Barrett has a question. You mentioned literacy training as being something you see. Is that specific—I know you represent lots of different sectors. Can you just expand on that briefly? Then I'll hand it over to Mr. Barrett.

Mr. Ken Lewenza: Unfortunately, during the course of the recession, a lot of our members lost their jobs, and people more generally. We don't have an unemployment rate of 10%, which is much higher on an official perspective, without recognizing that some of the people who are falling out of the workplace were in workplaces for 25, 30, 35 years. They got that job without those particular skills. Quite frankly, when those workplaces close and we open up temporary adjustment programs to provide the support that's necessary, we are finding a great deal of concern with the lack of skills in those particular areas. If we're going to prepare this economy for the future, we've got to look at those senior people who lost their job through no fault of their own and prepare them with a sense of confidence that they'll be able to read, write and do all of the necessary things to be vibrant in the province of Ontario.

The Chair (Mr. Pat Hoy): You have about a minute.

Mr. Toby Barrett: Yes. CAW worked with just about everybody during that auto sector turnaround. The

Steelworkers down my way, in Hamilton and Nanticoke, are locked out—Local 1005 is locked out; 8782 is back. One concession they had to make: New hires will now have a defined contribution pension, rather than a defined benefit pension. During the turnaround and the work that your union was doing, what tradeoffs did you have to make?

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Mr. Ken Lewenza: I think the analogy is not comparable, because Chrysler and General Motors were going into bankruptcy, which forced all sides to make significant sacrifices that you wouldn't do in normal times. For example, we delayed COLA payments for retirees moving forward. We were forced, quite frankly, for new entries into the pension plan, to pay a dollar an hour, but they continue to be in the defined pension plan like every other member. There's no difference; the only difference is, new hires will pay a dollar per hour into a defined pension plan moving forward.

Mr. Toby Barrett: Is that defined benefit?

Mr. Ken Lewenza: Defined benefit, yes.

Again, when you take a look at US Steel, I do believe government can play a role in that particular area, because here's a company that was given investment by government through the foreign investment act, and at the end of the day, there was some security around jobs. The jobs are not there today. So whatever we can collectively do to get those workers back to work would make a lot of sense. I thank you for your question.

The Chair (Mr. Pat Hoy): Thank you for your kind remarks and your presentation this morning.

Mr. Ken Lewenza: Thank you all.

INSURANCE BROKERS ASSOCIATION OF ONTARIO

The Chair (Mr. Pat Hoy): Now we'll have the Insurance Brokers Association of Ontario come forward, please.

Good morning, gentlemen. You have up to 10 minutes for your presentation. There could be up to five minutes of questioning. In this round, it will come from the NDP and Mr. Tabuns. I'd just ask you to state your names before you begin.

Mr. Peter Burns: Good morning. My name is Peter Burns. I'm the president of the Insurance Brokers Association of Ontario. I'm joined here today by Randy Carroll, the CEO of our organization.

The Chair (Mr. Pat Hoy): Go ahead.

Mr. Peter Burns: IBAO represents over 11,000 insurance brokers who serve millions of consumers in communities right across Ontario. Insurance brokers are well-educated, dedicated professionals with very strong community and industry ties. Our priority is to protect the interests of consumers when they purchase an insurance policy right through to when they may need an independent advocate at the time of a claim.

We would like to thank you for the opportunity today to discuss two concerns: fraud in auto insurance and

credit scoring. Unfortunately, despite the best efforts of the government, the presence of fraud continues to exist. While there are numerous ways to combat fraud, IBAO supports industry-proposed solutions to change the legislation on processes and deadline dates that insurers are currently mandated to follow when dealing with medical and rehabilitation clinics.

Some of the current legislation does not provide insurers with the opportunity for a fair and thorough investigation process on submitted claims prior to releasing funds to the clinic. This leaves much room for error and ultimately fraud, and in the end the cost is put back on consumers.

We also support the idea that direct payments should be made only to the health care professional providing the service and should only be permitted where the insurer and the service provider mutually agree to enter such an arrangement, which includes consideration whether the consumer consents. Furthermore, releasing funds directly to clinics causes additional questions on whether consumers are receiving the full benefit of their coverages prior to maxing out their statutory accident benefits.

For example, if we were to put consumers in control of submitting claims and receiving the payout, this would cause less room for error and ultimately fraud, and consumers could actually verify that the claim correlates with the treatment they received.

We are encouraged that the issue of fraud is being discussed at Queen's Park and in the media. We are eager to work together with legislators and regulators to come up with solutions to deal with this insidious problem and ultimately lower the overall cost of auto insurance.

The second topic I'd like to discuss is also one of IBAO's top priorities: banning the use of credit scoring to price home and other property insurance. Unfortunately, a growing number of insurers are using a consumer's credit score to increase premiums or, in some cases, deny coverage altogether—a practice that is negatively affecting consumers.

Most consumers assume that credit scoring is being used to determine if they can pay their premium. This is not the case. It is not about determining one's ability to pay. Insurers tell us that the use of credit scores helps them predict a consumer's likelihood to make a claim, even though there is no relationship to the characteristics of the property being insured.

Most consumers understand that their proximity to a fire hydrant or the fact that they have a theft alarm can impact their rates. They do not, however, understand what their credit score has to do with the likelihood of their home catching fire or being hit by lightning.

Indeed, they are not even aware of the practice. In November, the Insurance Brokers Association of Ontario conducted a province-wide poll on the issue of credit scoring to determine Ontarians' awareness of the issue. This scientific poll was conducted by MRP market research. MRP surveyed 802 Ontario residents over the age of 18, weighted by region, age and gender to reflect Ontario demographics.

The first question asked was to gauge consumers' awareness about the use of credit scoring in insurance. Specifically, we asked, "In Ontario, are you aware that insurance companies use consumer credit scores when determining what a consumer pays for home insurance?" Seventy-five per cent of Ontarians said that, no, they are not aware that credit scores are used to price home insurance. Given that a majority of insurers are using this practice indicates that insurers are not doing a good job informing their customers that they are using very private and sensitive information about them.

We then asked if they would support banning the use of credit information to determine the price of home insurance in Ontario. In particular, we asked, "Currently, to protect privacy and ensure all consumers have access to affordable coverage, insurance companies are banned from using consumer credit scores when determining how much a consumer has to pay for automobile insurance. Would you favour or oppose extending this ban to home insurance in Ontario?" Seventy-six per cent of Ontarians strongly or somewhat favoured extending the ban; 11% strongly or somewhat opposed extending the ban.

We are aware that most people do not know what their credit score is, how it is determined or even if it is accurate, which often it is not.

With this poll, we know that insurers are not being transparent about their use of credit. In addition, when consumers are made aware of this, they oppose this practice.

As part of their defence of credit scoring, the Insurance Bureau of Canada holds up a voluntary code of conduct it has developed for the use of credit scoring. IBAO would like to point out that, to our knowledge, no insurer in Ontario that uses credit scoring is in compliance with this voluntary code of conduct. There is also no effective enforcement of this code of conduct in the event that an insurer declared whether it was or was not complying with the code.

The creation of this code of conduct is merely a public relations exercise to deflect criticism away from this unfair practice. It is intended to give consumers and regulators a false sense of security that consumers are protected, which they are not. In any event, no use of credit scoring is acceptable or fair to consumers whether there is a code of conduct or not.

The use of credit scoring impacts consumers who can least afford it: retired seniors, newcomers to Canada, single-income families and small business owners who have utilized lines of credit.

In 2005, the Ontario government banned the use of credit scoring in the rating of automobile insurance. However, most consumers often maximize the discounts available by purchasing their property and automobile coverage from the same provider. As a result, some insurers are circumventing existing prohibitions by exploiting the fact that credit scoring is allowed on home policies.

The result is drastically increasing home insurance premiums, as well as the creation of an affordability and

availability problem for many of Ontario's insurance consumers.

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Ontario's insurance brokers are committed to protecting Ontarians. We believe that the use of credit scores in home and other personal property insurance is unfair and not in the best interests of consumers. It is for these reasons that the Insurance Brokers Association of Ontario is asking this committee to protect consumers and help fix this problem. We are asking that this committee's final report recommend that the Minister of Finance ban the use of credit scoring from all personal property lines, as has been done in auto insurance. This can be done legislatively by passing Bill 130, the Homeowners Insurance Credit Scoring Ban Act, 2010, currently before this House, or something similar to it.

We also believe a ban can be enacted with regulatory authority currently granted under the Insurance Act. Specifically, a regulation can be passed using the unfair and deceptive acts and practices, or UDAP, provision in the Insurance Act. Regulation 7/00 under part XVIII of the act bans the use of credit scoring in auto insurance under UDAP. The Ontario government could use similar language to extend the ban to home and personal property insurance.

Last year, the provinces of New Brunswick and Newfoundland announced their intent to ban the use of credit scoring entirely. In conclusion, we are simply asking that Ontario follow their lead and, indeed, its own public policy precedent established in automobile insurance and ban the use of credit scoring entirely from home and other personal property insurance.

Thank you. We would be pleased to entertain your questions.

The Chair (Mr. Pat Hoy): The questioning goes to the NDP and Mr. Tabuns.

Mr. Peter Tabuns: Thank you very much for the presentation this morning and for having done the research you did.

I don't understand why those insurance companies are using credit scores if there's not a correlation with actual risk. What's the advantage to them?

Mr. Peter Burns: The advantage to the insurance companies is that they have proven that it is an accurate predictor of risk. We don't dispute that. However, there are many other areas they can use to predict risk on a home insurance policy without using this one. It's not indicative of how close the fire hydrant is or whether they've put a new roof on their house, or that sort of situation.

Mr. Peter Tabuns: I guess I'm puzzled. Why is it that a bad credit score would say that you were a bad risk for a house fire? I understand why—

Mr. Peter Burns: We can't answer that question.

Mr. Randy Carroll: I don't really—sorry, Peter. I don't understand the correlation from a risk perspective. The house is the house. It's either made of wood or brick; it either has a fire hydrant or it doesn't. It has an alarm

system. It's had a sewer backup problem or it hasn't had a sewer backup problem.

It was interesting: We were on our way here and we were talking to a Canada Post worker, asking her what the potential of a strike is, and she said, "Well, I hope there isn't a strike coming, because I haven't planned for it." That same person probably lives in a fairly immaculate home and takes very good care of her home and, as a result of something that she can't control, will probably be forced, with some undue pressure, to manage her finances. This has nothing to do with risk itself. It doesn't make her a bad risk in the eyes of—that she's going to put in a fraudulent claim. It's a totally different issue. So I can't tie the two together well. I'm really in the same position you are.

Mr. Peter Tabuns: But there must be instances, then, in which insurance companies are offering uncompetitive rates. If I ask two or three different insurance companies to insure my home, one of which comes and looks at the house and says, "It's all brick. You've got a sprinkler system. I can give you a low rate," and someone else looks at the credit score and says, "I don't like your credit score"—I don't quite understand what's driving them on this.

Mr. Peter Burns: That comment speaks to the future potential availability problem that we might have in the province. If we have this group of consumers who have bad credit scores, they can't get insurance for their homes, and if the insurance companies won't write them at an affordable price, we've got a real problem on our hands. Where are we going to place those consumers in the future?

Mr. Randy Carroll: It's an indicator of risk, but it's a lazy way to underwrite.

Mr. Peter Tabuns: Okay, so it's a weak indicator of risk as opposed to actually doing an inspection and doing physical assessments.

Mr. Randy Carroll: I like that one, yes. That's right.

Mr. Peter Tabuns: Okay. I understand that.

The other question, then, dealing with fraud: It makes sense to me that you take on the fraud issue. It's very expensive. The Globe and Mail had a very good article laying out the organized nature of the fraud rings that are in operation.

I have a concern with the solution you're proposing, and I'd like to hear your thoughts. If I think of individuals who've been injured in a traffic accident and the disruption to their income, if they have to put money out up front to the clinic and then come back and claim, yes, they may know they actually went to see the doctor, but they may not have the up-front cash and they may not have the ability to sustain the cash-flow burden, waiting for a cheque to come in. Maybe I'm misunderstanding what you've proposed. Could you talk to that?

Mr. Randy Carroll: We weren't suggesting at any point in time that dollars have to transact before treatment; just, really, who actually is able to receive the dollars as a result of the treatment. I'll come back to a homeowners' correlation, if I can. A couple of our insur-

ers are actually sending out invoices to consumers after there's been a loss on their house, and what they're doing is giving the consumer an opportunity to take a look at what was actually billed and what was paid for. What was billed and what was paid for, in some cases, is different than what was actually done. I think the same concept is here on the auto side. We've got treatment that's billed for that hasn't taken place and is being paid for. If we involve the consumer in that process, I think we'll actually be able to target a bit more of the fraud that's taking place.

Mr. Peter Tabuns: So you're actually asking that the payment have to go through the hands of the consumer who, in fact, verifies that, "Yes, I did get that chiropractic or physiotherapy treatment."

Mr. Randy Carroll: Because when we're talking to insurers what we find in some of the files that they've shown to us is that because of SABS they have to pay for the treatment, because if they don't pay—

Mr. Peter Tabuns: What's SABS again?

Mr. Randy Carroll: Under the statutory accident benefits schedule, if they don't pay the treatment in time, then they could be in non-compliance. That internal process really needs to be looked at, and I think we can actually save some really good dollars and hopefully reduce rates at the end of the day.

Mr. Peter Tabuns: Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Randy Carroll: Thank you for your time.

METRO TORONTO CHINESE AND SOUTHEAST ASIAN LEGAL CLINIC

The Chair (Mr. Pat Hoy): Now I call on the Metro Toronto Chinese and Southeast Asian Legal Clinic to come forward, please. You have 10 minutes for your presentation, and the questioning in your case will come from the government. If you'd just state your name, you can begin.

Ms. Avvy Go: Good morning. My name is Avvy Go, and I'm the clinic director of the Metro Toronto Chinese and Southeast Asian Legal Clinic. We're a community-based legal clinic that provides free legal services to low-income Chinese and Southeast Asian communities in Toronto. We're also a founding member of the Colour of Poverty Campaign, which is a province-wide network to address the growing racialization of poverty in Ontario.

I'm going to start my presentation with some kind of contextual observations. For many racialized community members, the key to economic success is access to secured employment with decent pay, yet to many this remains a dream, not a reality. By 2017, one in five Canadians will be a "visible minority." Yet, by any economic and social measure, immigrants, as well as members of racialized communities who are Canadian-born, are falling behind.

Most recent immigrants, both men and women, experience higher unemployment rates and earn less in-

come than their Canadian-born counterparts, despite their higher level of education. The employment and income inequities experienced by immigrants are shared by racialized community members who are born in Canada to immigrant parents. Their annual incomes are also significantly lower than those who were born to native-born parents. Canadian-born members of racialized communities who have an even higher level of education than other Canadians are facing the worst. In other words, racialized community members, be they immigrants or Canadian-born, are falling behind.

Poverty in Ontario has also become racialized. I've attached a table to my written submission which shows the poverty rates broken down by various groups across Ontario and, as you can see, members of racialized communities are two to four times more likely to live in poverty in most cities across Ontario. If we don't take any measures to reverse these trends, the gaps along racial lines will continue to grow. As such, a good starting point for the 2011 budget discussion is to look at where and how the Ontario government can leverage both its spending and legislative power to eliminate disparities and promote equality among all Ontarians.

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Our recommended strategies focus on the following three areas: The first is employment and labour market strategy; the second is equitable access to social services and education; and finally, a targeted poverty reduction plan.

We have three specific points under the employment and labour market strategy. First, we need to bring back mandatory employment equity in Ontario to level the playing field for all racialized communities and other historically disadvantaged groups. This should be accompanied by an establishment of an employment equity secretariat and an anti-racism and equity secretariat.

Second, we need to strengthen employment standards legislation to protect and enforce workers' rights, particularly those working in precarious situations. We believe, unfortunately, that the recent passage of Bill 68, the Open for Business Act, is a step backward, in the wrong direction. The government needs to appropriately modernize the employment standards legislation, but it also needs to increase the resources of the Ministry of Labour to actively prosecute employers who break the law.

Third, we need to make diversity count. As a tendering process for the 2015 Pan Am Games, Toronto 2015 has adopted a diversity policy to encourage opportunities for racialized groups, aboriginals, people with disabilities and women. This is an investment strategy that has been missing at the provincial level. Provincial investments can and should be used as leverage to make businesses across Ontario implement equity-based hiring practices. The example of 2015 should be applied to all business transactions, large or small, that the provincial government enters into.

On the issue of equitable access to services and education, we urge you to adopt the recommendations of the Colour of Poverty Campaign to implement a number of

initiatives in order to advance better service access and better learning outcomes for racialized groups. These include, among other things:

(1) Augment the provincial funding formula for publicly funded elementary and secondary schools by introducing an equity in education grant to eliminate growing racially defined learning outcome disparities.

(2) Develop comprehensive equity policy frameworks within both the education and health systems.

(3) End the three-month OHIP waiting period for all newcomers to this province.

(4) Build a comprehensive housing strategy to address the issue of homelessness as well as inadequate housing and substandard housing conditions that many members of racialized communities are living in.

On the issue of poverty reduction, we welcome the social assistance review and the selection of the two commissioners for the review. We believe that the move from social assistance to employment and income generation is not an event but a process that occurs over time and requires addressing the issues of equitable access to employment based on a commitment to social justice. We urge that these principles be incorporated into the review.

But the review is only part of the poverty reduction strategy that this province has committed to implement. To be successful, an effective poverty reduction strategy cannot ignore the intersectionality of race, gender, ability and other factors. We recommend two particular measures that, if implemented, will help determine whether the poverty reduction strategy is reaching those who are most marginalized.

First, collect and track disaggregated data to identify racialized and other systemic disadvantage in order to help get a full picture as to who and why are the poor in this province. Second, establish clearly defined goals and benchmarks in order to measure and monitor the progress of any poverty reduction plan as it relates to racialized and other historically disadvantaged communities.

In conclusion, we believe that the real test of a good government comes not when the times are good, but when the times are bad. It is only then that we can find out whether the government we elect is truly committed to protecting the interests of all people, especially those who are most dependent on the support that our society can offer to survive and thrive. Be the best government that you can be by investing in those who are the most marginalized in our society. Thank you.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Avvy, for that presentation. Thank you for the work that you do on behalf of—this is a long one—the Metro Toronto Chinese and Southeast Asian Legal Clinic. Is there a shorter acronym?

Ms. Avvy Go: Not really. We're too lazy to change the name, also.

Ms. Leeanna Pendergast: Thank you for the work that you do and also for the Colour of Poverty Campaign—excellent. Thank you. Your concluding comments are absolutely outstanding; well said.

I want to start by saying that the McGuinty government is committed to putting people first—all people, as you say. As you point out, at times that requires difficult decisions, and so our commitment to full-day learning. We've heard across the province how that is raising the base and addressing the first steps of the poverty reduction strategy as well as our commitment to health care and education.

As an educator, I smile when I say that because I come from a history of previous governments and the cuts to those. So we've been able to restore our public services and now protect our public services.

I hear you saying very, very clearly that this has to address all people. I wanted to just look at page 5, again with a particular interest in education, where, interestingly enough, you talk about specific legislative and policy changes. I don't see a lot of dollar asks here for the finance committee, which is always interesting.

Ms. Avvy Go: I guess the dollar ask will be the equity in education grant.

Ms. Leeanna Pendergast: That's what I wanted to talk about. Do you have specific dollars for that? I want to talk about how that policy framework would look.

I was on the safe schools action team. We travelled the province to make sure that every school in the province has an equity and diversity policy in the schools. You take that a step further and talk about health care. You also talk about measurement and accountability. Could you elaborate on that, please?

Ms. Avvy Go: Yes. Maybe I'll take education, the all-day kindergarten, as an example, which is a great initiative that your government introduced. What happened, in effect, is that—for instance, I'll take you to a particular community in Scarborough, Teesdale, which is one of the most impoverished communities.

Because of the way that the all-day kindergarten is developed, it allows a school board to start with schools where they already have the infrastructure to allow for that all-day kindergarten, so that tends to happen in areas and schools where they already have the capital investment and they have the facilities and the personnel to allow that to be implemented. Schools in poor areas, where they don't have the space or the human resources to integrate the process, would not have the all-day kindergarten. Teesdale would be an example of that.

I think that goes to the question of whether such an example of an equity in education grant will then invest some of that money in some of the poorest neighbourhoods, poorest schools, so that they can have the capital funds to integrate that policy. If you have a policy to look at measuring the schools that are having that policy and what students from what background are benefiting from it, then you will know whether the policy of all-day kindergarten is affecting the most marginalized in our community. That's just one example of how all these different components will come together.

Ms. Leeanna Pendergast: That's a wonderful example. Thank you. So there's no dollars attached to the grant? That's a tough one, isn't it?

Ms. Avvy Go: Right. I mean, how much are our children worth? It could be a percentage of the budget, for instance, a percentage of the education budget. I'm not an economist here who can give you the dollar figure.

Ms. Leeanna Pendergast: Okay. And are you suggesting, on page 5 as well, when you say "publicly funded education and health systems in the province," that this framework that you're putting forward and the idea of an equity in education grant be extended to the health care system?

Ms. Avvy Go: Yes, because I think if you look at all the studies that are done, including studies by WHO, increasingly, poverty and racism are recognized as social determiners of health. If you're poor, if you experience discrimination, you're more likely to live in poor health. Also there are many studies in Canada looking at inequitable access to health care. I know from my clients' perspective, and also because I'm actually a member—although I'm not speaking here as such—of the Health Professions Appeal and Review Board. We see issues around patients having difficulties in accessing different services.

All of these issues need to be looked at. Without an integrated policy that is based on principles such as equity, you will not be able to tell whether or not people have equal access to services and, if not, who is not able to access and how do we address those inequities.

Ms. Leeanna Pendergast: We've heard about strategies for disproportionately poor communities, so this is a piece that could be added to that that we haven't heard.

Ms. Avvy Go: Correct.

Ms. Leeanna Pendergast: Thank you so much, Avvy.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

We are recessed until 1 p.m.

The committee recessed from 1150 to 1302.

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will come to order.

ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

The Chair (Mr. Pat Hoy): For our afternoon session, our first group to speak is the Ontario Association of Children's Aid Societies. If you would come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this round, the questioning will come from the official opposition. I'd just ask you to state your names for our recording Hansard, and then you can begin.

Ms. Mary Ballantyne: Thank you. My name is Mary Ballantyne, and I'm the executive director of the Ontario Association of Children's Aid Societies. With me is Virginia Rowden. She's the director of policy at the Ontario Association of Children's Aid Societies.

Thank you very much for having us here today. I'm going to give you a little bit of an overview of our issues.

Children's aid societies have the exclusive mandate to protect children from abuse and neglect, through legislation. It's a highly prescribed and regulated field with very strict timelines for responding to allegations of abuse and neglect.

The Ontario Association of Children's Aid Societies acts as the voice of 51 of the 53 children's aid societies and is very conscious of the fiscal situation in Ontario and supports the government's efforts to strengthen the economy. We have been actively involved in participating in government efforts to contain costs, reinvest, and protect public services.

The children's aid societies have engaged, again, in a new government-led change—this time, with the commission that has been appointed to promote sustainable child welfare. Included in that is the work that's now being done on the amalgamation of more than a dozen of the children's aid societies.

Despite the work that has been going on around cost containment and significant structural changes, almost a quarter of the children's aid societies continue to struggle with accumulated historical deficits. Volunteer boards are really having to make very difficult decisions about taking out increased lines of credit and deferring payments and are quite concerned about this as a way of doing business.

Children's aid societies are well managed and are really starting to achieve the results that were set out in the 2006 policy shift, really wanting to stress the importance of the work that's being done to try to have families not be as dependent on children's aid societies, but noting that many families still do require the extensive service of a children's aid society. Fewer children are coming into state care and more children are being adopted and living with kin, and in traditional aboriginal care. We have the second-lowest rate of children in care in Canada and we are really working at investing in and using more family- and kin-based care, but we still need to continue in our efforts to do that. We would ask the government to take action in the interest of our children and families.

We do have four recommendations for you. The first one is on page 7. This first recommendation has to do with our youth. The children who grow up in a children's aid society have all experienced trauma, tragedy and loss, and they're behind their peers in many ways. The reviews that have been done in children's aid societies note that about 82% of the children have special needs; almost half of the children—46%—are on some sort of psychotropic drug; and only 44% of them are graduating from high school. These children do have many needs, yet by the time they reach the age of 17—and for sure when they are 18—they are no longer considered children in care of a children's aid society. Their status changes, and our ability to care for them as we would want to care for young people isn't there.

Many of us here probably have children between the ages of 18 and 25 and know about the amount of service and support those kids need, but a child growing up in a

children's aid society doesn't have that support past the age of 18, even though they have significant needs.

What we're asking is to look at legislative and regulatory pieces that prevent us from being able to take care of these kids. We'd like to look at those so that they can stay in foster care past the age of 18, that we can provide their health and dental care up to the age of 25 and that we can ensure that they have financial and clinical help so that they can complete their education, at least to one level of post-secondary.

The second recommendation that we have is on page 8, and this recommendation looks at investing in permanent families. We are working very hard to find adoptive homes, legal custody and kinship homes for many of the children so that they don't have to grow up in children's aid society care, so that they can have a permanent family. But with many of the children, as I mentioned, with very high needs, they do need support to be adopted. So we'd be looking at being able to offer longer-term subsidies so that children can be adopted and health and dental supports for children that are being adopted, as well as some post-secondary education supports for them. In addition, there are about 1,500 adoptive families waiting to be assessed, but there are not the resources available in the children's aid societies to do that.

The third area that we would be looking at is aboriginal children. A few facts, and I think we're all aware of those: 2% of the population are aboriginal children, yet 21% are crown wards. Many of the other indicators for aboriginal children, whether it be poverty, health, depression, addiction, graduation rates—they all need attention. So we're looking at providing adequate funding for a range of services for aboriginal children, working with the aboriginal communities to determine what services are most appropriate, a unique funding model to recognize the realities of serving that group, and also a unique and special set of standards and compliance.

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The fourth area is to enable a sustainable agenda—this is on page 10. This is sustaining and stabilizing the child welfare sector as it currently is. The rate of growth in child welfare did expand a few years ago, all in line with the policy direction—it was planned and predicted. We are seeing that rate of growth drop now, as many of our programs are being put in place to help keep children at home and find a more cost-effective way of serving them, but we still have \$40 million in historical debt for children's aid societies that is making it very difficult for them to run. Even this year, the ministry has gone in and found about \$35 million of costs that are exceeding our allocation. There is also about \$21 million in the next couple of years that will be accrued because of the increase in pension, \$4 million coming because of a Revenue Canada decision about taxes needing to be paid for private foster care, and for the amalgamating agencies that I spoke to earlier, there is assistance needed for them.

As we move forward, we would like to thank the government for the work that has been done on looking

at administrative burden and working with children's aid societies over this past year. We would also like to ask, though, that the mental health, social assistance and other reform agendas be coordinated and that there be assistance for children's mental health, addiction, women's abuse services and other services that affect children and families in our communities, as their support and their ability to help children and families has a significant effect on how well children are protected. Thank you.

The Chair (Mr. Pat Hoy): And thank you. The questioning will go to Mr. Miller of the official opposition.

Mr. Norm Miller: Thank you very much for your presentation. At the outset, you said you represent 51 of 53 children's aid societies?

Ms. Mary Ballantyne: Yes.

Mr. Norm Miller: Who don't you represent?

Ms. Mary Ballantyne: There are two aboriginal children's aid societies in northwestern Ontario, Weechit-te-win and Abinoojii.

Mr. Norm Miller: Okay. Thank you. One of the challenges, your four points you were making, is the historical and in-year debt. How long has it been going on like this, where you had these deficits that have carried forward from one year to the next? Is that correct?

Ms. Mary Ballantyne: Yes. For a few agencies, that historical debt goes three, four, even five years, but for a large number of agencies, the historical debt issue has really been in the last two years and, most specifically, this past year. It has meant that approximately half of the agencies have been financially compromised this year just because they are carrying that debt forward.

Also, children's aid societies are not in a position to be able to accrue money to pay down that debt. The way the rules work, any surplus that they may gain in a particular year actually has to go back. So they really have no capacity to pay down the debt, yet by having to carry it year over year, it really compromises their ability to do business.

Mr. Norm Miller: Has the government indicated how you should deal with it, then, if they're not providing the means to?

Ms. Mary Ballantyne: There has been lots of work done with the government this year to come to a better understanding of where the debt has come from and why it continues to be there. Certainly there has been work in the ministry to understand that, and that has been going forward. We are very hopeful—and it's one of the pieces we're wanting to put forward here—that that can be cleared so that agencies can go forward and continue with the work of the sustainability commission and also the other work that is starting to see some really good results.

Mr. Norm Miller: Another one of your points was "stay at home till 25." I gather, the way the system works right now, a youth becomes 18 and all of the sudden a lot of supports end for them, despite the fact that they may not have finished their education or gotten a job or moved on to where they can be self-sustaining. Is that correct?

Ms. Mary Ballantyne: Yes, exactly. At the age of 18, children are no longer deemed to be children in children's aid society care, so their supports about being able to remain in foster care, medical support and dental support are gone. We do provide some living support until the age of 21, but at the age of 21, there is no emotional support or financial support. For many of those children, they're just beginning a post-secondary education. For many, they don't even bother starting because they know they won't have the capacity to carry on without some support. For those who are in the middle, it really does compromise their ability to move forward. As we all know with our own children at those ages, there's lots of support needed beyond the age of 18, especially if they're going to be able to move on post-secondary.

Mr. Norm Miller: It's true; that is an age—it's a critical age, I would call it—in terms of—as a parent of four kids, I have two of them who are around that stage right now.

Ms. Mary Ballantyne: Yes. I have three who are right there, and the thought of letting them go at 18 and saying totally goodbye to them at 21 is scary.

Mr. Norm Miller: There are groups out there that are asking for Ombudsman oversight of children's aid societies. Do you have a perspective at all?

Ms. Mary Ballantyne: Children's aid societies are very highly regulated. Most of our work is actually dictated through regulation standards. There are many, many reviews in ways that it is regulated. Also, there have been bodies such as the CFSRB, the Child and Family Services Review Board, that have been put in place to ensure that families do have their concerns heard and that those things can be rectified; there are complaint procedures within agencies. There is already a lot that is in place to ensure that things are happening the way they should be.

The Chair (Mr. Pat Hoy): Thank you, and thank you for your presentation.

Ms. Mary Ballantyne: Thank you.

ONTARIO CONVENIENCE STORES ASSOCIATION

The Chair (Mr. Pat Hoy): Now I ask the Ontario Convenience Stores Association to come forward, please. As you noted, you have 10 minutes for your presentation. The questioning in this round will come from Mr. Tabuns of the NDP. I'd just ask you to state your name for our Hansard and then you can begin.

Mr. Dave Bryans: Great. Dave Bryans. Good afternoon, everyone. Thank you for the opportunity to speak to you on behalf of Ontario small businesses. I'm Dave Bryans. I'm the president of the Ontario Convenience Stores Association. I represent over 7,500 convenience retailers across the province. We're community retailers in every town, city and village. We're located in everyone's area.

While our members may be small businesses, together they pack a big economic punch. Ontario convenience

stores conduct \$15 billion a year in sales, employ over 50,000 people in Ontario and serve three million customers a day in the province.

As you consider budget plans for 2011, there are two important issues I'd like to speak to you about today that are impacting our small businesses: the multi-billion black market in cigarettes in Ontario and the accompanying massive avoidance of provincial tobacco taxation that continues in Ontario, something that's costing the Ontario government hundreds of millions of dollars in revenue; and the detrimental combined effects of provincial hydro rates and the HST.

Many people don't realize it, but convenience stores are a partner with the Ontario government. Our stores sell more age-restricted products than any retailer in the province. Members of the Ontario Convenience Stores Association take the responsibility very seriously and exercise great care in the sale of products such as tobacco, lottery tickets and even alcohol. About 200 of our stores act as agency stores for the LCBO, independently serving communities throughout the province.

Several years ago, as part of our responsible community retailing initiative, we also launched what we believe is the toughest age-verification program in Canada: We Expect ID. We Expect ID was created in order to eliminate the chance of mistakes in determining the age of our customers. Currently, in 7,500 stores across the province, We Expect ID uses swipe card technology to read the age information that's magnetically encoded on the back of the Ontario-issued driver's licences. This eliminates the chance of age calculation errors and helps us prevent young people from buying products like tobacco and the government's own lottery in our channel.

Despite the large investment in time and money, our industry continues ensuring that Ontario's laws and regulations for age-restrictive products are enforced. We know that just outside of our stores, there is a massive black market in perhaps the top age-restricted product, and that is tobacco. The legal tobacco market in Ontario is very tightly regulated, and the sales of tobacco products are carried out under some of the toughest restrictions in North America. Our retailers comply with these regulations under the continuous and close scrutiny of the Alcohol and Gaming Commission of Ontario, the Ontario Lottery and Gaming Corp., Smoke-Free Ontario, as well as Ontario's 36 health boards and over 200 inspectors across the province.

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Tobacco remains a significant category for convenience stores, with some smaller, family-run stores relying on its sale for up to 75% of their yearly income. However, over the last decade, we've seen steady growth in the black market for cigarettes in Ontario. What started small has grown to huge proportions in recent years. While there is no way to precisely gauge the size of the illicit market, independent research in the last few years tells us that somewhere between one third and almost one half of all the cigarettes in Ontario are illegal or contraband.

Contraband cigarettes do not adhere to any government-mandated regulations or warnings and are sold at a fraction of the price of legal tobacco. The RCMP tells us that this illegal market in tobacco generates huge profits for 175 organized crime groups they've specifically identified as being active in the illegal trade. Hundreds of smoke shacks have cropped up throughout the province where all forms of legal and illegal tobacco are sold without tax and in stores that do not comply with any of the provisions at all of the Smoke-Free Ontario Act.

What does this mean for you as members of the Standing Committee on Finance and Economic Affairs?

For our businesses, the impact has been enormous. Stores have lost as much as half of their typical revenue from the sale of legal cigarettes, but, more importantly, they've lost additional revenue from the sale of other products that customers typically purchase when buying tobacco: snacks, drinks, lottery tickets, newspapers, and the list goes on.

For government, the losses are as big, if not bigger. In 2007, the Auditor General of Ontario estimated that the lost taxes to the Ontario treasury alone were \$500 million each year. However, when making that determination, the rate of contraband in Ontario was nearly 25%. Since then, some studies indicate that the market may have grown to as much as almost 50%. By extension, the tax losses to the illegal contraband tobacco market could be as high as \$1 billion each and every year.

As the old saying goes, "A billion here and a billion there, and pretty soon you've got some real money." With Ontario grappling with a significant budget deficit, we feel this issue is a critically important one to address from a fiscal responsibility standpoint, a law-and-order standpoint, and also a fairness standpoint for businesses like ours.

We expect the government to enforce the laws equally across the province, and it is not unreasonable for honest retailers like ours to expect the province to step in and help when many stores are going out of business because they can't compete with a market dominated by organized crime rings.

What can the government do to address this in the budget process? Increasing the resources for law enforcement is a necessary step, as well as increasing the number of Ontario tax revenue officers, ensuring that tobacco taxes on legal cigarettes are being paid and collected. Also, we think it's critical that the Ontario government not impose any new taxes or additional regulations on the legal sale of tobacco until such time as the government demonstrates a real seriousness in correcting this problem. Continuing to tinker with the well-regulated legal market while the illegal one is left unchecked would be a misuse of resources.

However, we believe that there is an important step the Ontario Ministry of Finance can take to help address the problem of this illegal market and the massive tax avoidance that takes place, and that is to adopt the same taxation model for tobacco that already exists for

gasoline, lottery tickets and alcohol. For each of these, the government applies its taxes at the manufacturing or wholesale levels and not at the retail level. Tobacco is the only high-tax product where this does not happen.

Moving the point of taxation wouldn't solve the problem entirely, but it would make a big difference to reduce the illegal market, and making this shift would certainly allow the government to collect millions more in provincial tobacco taxes.

In 2002, the members of this committee saw the merits of this solution. At that time, legal cigarettes, which are marked by a yellow tear tape, were being diverted from tax-free stores on aboriginal reserves back into legal channels to avoid paying Ontario taxes. The Ministry of Revenue moved to combat tobacco tax avoidance by shifting the collection of the provincial sales tax to the wholesale level, where provincial tobacco taxes are collected. This was done to change the point of tax collection to the wholesale level to combat what was then seen as a growing bootlegging problem.

However, with the introduction of the HST, the problem of tax avoidance has become much worse. When the HST was introduced in mid-2010, the price of legal tobacco actually increased by 8%, widening the price difference between legal and illegal cigarettes and creating a greater incentive for people to turn to the black market.

Unlike most other products, where HST replaced the provincial sales tax and the goods and services tax at the point of retail sale, there was no provincial sales tax charged on tobacco products at the retail level. This meant that the profit margin for bootleggers for yellow-banded cigarettes jumped from 5% to 13% overnight, laying the groundwork for a resurgence of bootleggers of legal tobacco in addition to the incentives for illegal cigarettes. By shifting the retail taxes on tobacco up to the wholesale level, the government can not only help reduce the illegal market in cigarettes but can also capture millions in taxes currently being avoided.

When it comes to issues like these, the convenience store industry has a certain amount of expertise and can be a valuable partner to this government. We collect billions in taxes and revenues on behalf of this government: \$1.4 billion in lottery sales each year out of our channel, and billions in tobacco and gasoline taxes. We can help you find good, workable solutions and we believe we should play a part in the government's deliberations on these types of issues.

The final issue I want to bring to your attention as you deliberate on the 2011 budget is the impact of Ontario's skyrocketing electricity rates and the negative impact the introduction of HST has had on our members. The nature of convenience retailing means our member stores have high electricity usage rates. People come to our stores for warm beverages in the winter and cold drinks in the summer, and our high traffic means the cost for heating and cooling can be quite high. Add HST on top of electricity rates, and the costs of doing business in Ontario

are adding to an already stressed convenience retailing industry.

We know that rising electricity rates are something every person and business in Ontario is facing, but specifically for our industry, the combination of growing government regulation, increasing taxes and costs of doing business, as well as a runaway trade in contraband tobacco, have collectively put enormous pressures on our members, particularly the family-run stores. As a result, stores across the province are closing. In fact, over the last two years, almost 1,500 stores in Ontario have closed.

Besides relief with energy costs, one way this government can help alleviate some of the pressures on small businesses like convenience retailers is by allowing them to receive some compensation for the tax collection function they perform on behalf of the provincial government. Such a system was in place for certain firms for provincial sales tax collection prior to the introduction of HST. Given the multi-billion-dollar scope of the taxes convenience store retailers collect on behalf of the government, this kind of program would be a welcome addition and help retailers defer the cost of acting on the government's behalf.

In closing, I'd like to say that the things we're asking this government to consider for this budget process—revisions to how tobacco is taxed, increased resources for law and tax enforcement officers and a system to compensate retailers collecting tax on behalf of the government—aren't particularly difficult for this government to do. In fact, much of what we've suggested here today will mean more revenue flowing into the provincial coffers. But most of all, as small business people, our members need the government to act on these issues.

When big box stores come into new communities, many politicians cry foul and worry for the impact on the small businesses in the area. For convenience stores, the biggest threat to the livelihood of the small business people who often run them has been the inaction by government on issues that should and must be tackled, but aren't. That's why we believe that the future government in Ontario will be the one that understands that small businesses are the engine of economic growth in this province.

On behalf of the convenience store industry, I look forward to working with the Ontario government and thank this committee for the opportunity to speak today.

The Chair (Mr. Pat Hoy): We'll go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: First of all, thank you very much for coming in today and making that presentation.

I want to go to this question of moving the tax collection function from the retail up to the wholesale level. You note that in 2002, you made the recommendation and it was adopted. What is the situation now?

Mr. Dave Bryans: Tobacco taxes have three levels of taxation. The manufacturer has excise and duty. When it's then manufactured and moved to the wholesaler in Ontario, it adds on provincial tobacco tax. In 2002, the

government put PST into that rather than leave it, because there were some problems with retail. The third level is HST.

If HST was put into PTT, or collected collectively, we would eliminate a whole level of the possibility of avoiding tax by the movement of cigarettes around the province of Ontario. This would help the government. In 2002, the Ontario government realized a \$150-million profit by just moving the PST into the provincial tobacco tax.

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Governments can sort out how to divide out their taxes. That's a pretty easy computer model. But I think this would start correcting contraband for all of us. Then we could take on the baggie situation out in New York, and all of a sudden we start having some action. But, so far, there is no action, and I think we have to do something.

Mr. Peter Tabuns: Your proposal is very elegant, very clear. Was there pushback from the wholesalers when this was implemented?

Mr. Dave Bryans: Oh, no. The wholesalers get a benefit to collect the tax for the government. No, no, there was never—the wholesalers gladly did it. And it's still there. The provincial tobacco tax is about \$24 that's collected by every wholesaler under revenue Ontario. The only thing we're saying now is, now that there's the HST—which we were sort of opposed to, as many would remember—now that it's out there, that's fine; the ship's left the dock. Because this is like gasoline: You don't get tax added at the pump; when you buy beer or alcohol at the LCBO, you don't get tax added, so there's no way to avoid this tax; and when you buy your lottery ticket, it's \$2, not \$2 plus tax. So there's no underground economy. We've allowed this underground economy to flourish in Ontario by allowing three levels of tax collection that allows it to move freely around the province.

Mr. Peter Tabuns: Okay. I think what you're putting forward makes a lot of sense and is very helpful for us.

I don't have further questions, but I do want to say thank you.

Mr. Dave Bryans: Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

DEAFBLIND ONTARIO SERVICES

The Chair (Mr. Pat Hoy): Now I ask DeafBlind Ontario Services to come forward, please. Good afternoon. You have 10 minutes for your presentation. The questioning in this round will come from the government. I'd just ask you to state your name for the purposes of our recording Hansard, and then you can begin.

Ms. Roxanna Spruyt-Rocks: I'm Roxanna Spruyt-Rocks.

Ms. Diane Gabay: And I'm Diane Gabay.

Ms. Roxanna Spruyt-Rocks: Thank you for the opportunity to present the serious issues facing the deaf-

blind in Ontario. I will speak specifically about the situation at DeafBlind Ontario Services and for the intervenor sector as a whole.

But first, I'd like to share this statement: If 95% of what we learn comes from our ears and eyes, imagine the challenges it is to be deaf-blind. Now imagine that a significant amount of your funding for intervenor services, your key to independence through communication and life-skills assistance, is cut. This is the proposed scenario for Ontarians with deaf-blindness.

Deaf-blindness is a complex disability that combines varying degrees of both hearing and visual impairment, making it unique to each individual. Although a person who is deaf-blind may not be completely deaf or may not be completely blind, they do not have enough of either sense to navigate their environment independently. All individuals whom we support experience challenges with communication and mobility, and most have additional physical disabilities and medical issues.

Since 1989, DeafBlind Ontario Services has enabled individuals who are deaf-blind to live more independently by providing residential and other specialized services.

Each of our residents requires a unique level of support, individually tailored to their specific communication and mobility needs. Even with this severe disability, our residents have the capacity to build their life skills, gain independence and contribute to the greater community with the support of specially trained intervenors and specialized housing that caters to their needs.

Intervenors for the deaf-blind vary from interpreters for the deaf, because they also mediate between the individuals and their surroundings. Instead of translating words though sign language, an intervenor assists the deaf-blind to safely navigate the world around them. The philosophy of intervenors is: Do with, not for. An intervenor does not act as a caregiver, but assists people who are deaf-blind with communication and information.

Since 2004, DeafBlind Ontario Services has been working with MCSS on transforming intervenor services. The guiding principles supporting the transformation include equitable access to intervenor services and a sustainable service system; and, above all, funding to support the specific, unique needs of this specialized population through a standard assessment process.

We received communication from the ministry in September 2010 informing us of a proposed funding model. The majority of our residents were assessed as falling in the case mix group that would experience as much as a 45% reduction to the current level of service that we provide.

Currently, the majority of our residents have intervenor services for eight hours per day each, and then they share an intervenor for the remaining 16 hours. This time is imperative to the activities of daily living and communication. With the proposed funding allocation model, this important time will be reduced to only two hours, five days a week.

A 45% reduction in service will have a disastrous impact on our service delivery model and the Ontarians

that we serve. This certainly does not meet the objective of funding intervenor services according to an individual's needs within a sustainable system, given that the highest level of funding falls far below what is currently or has ever been provided in our 23-year history.

DeafBlind Ontario Services' model of service delivery is critical to our residents' growth and achievement of independence in their lives. It cannot and it must not be determined by the government's reduction in funding. With less support for the deaf-blind, these individuals will have severely limited access to the community, paid and volunteer jobs will be inaccessible to the people we support, social relationships will be severed and quality of life dramatically reduced. Their homes will essentially become institutions.

DeafBlind Ontario Services has participated in numerous meetings with MCSS staff on this issue, along with other service providers in the sector, to achieve a positive outcome that is fair and equitable to all deaf-blind Ontarians. The ministry has heard loud and clear that the proposed funding allocation model is flawed and needs to be reworked. The ministry has committed to work with us to find the best possible solution, and we're committed to continue to work with them.

Analysis has clearly shown that there is simply not enough funding available to meet the needs of deaf-blind Ontarians and the objectives of the transformation agenda of intervenor services to be equitable and sustainable. MCSS has advised us that they have a fixed funding envelope to work with. Clearly, any allocation model based on inadequate funding is going to result in service reductions.

We believe strongly that it is the government's responsibility to prioritize funding where it is needed the most. The intervenor portfolio is a small one, at about \$25 million. In order to maintain the critically needed intervenor services for the deaf-blind sector, it would cost \$2 million yearly for the next five years. This additional funding would maintain our current levels of service and address the pressures of new people coming into the service.

We urge this committee, in the strongest possible terms, to be the voice for the deaf-blind in Ontario and to ensure that the additional funding is budgeted to solve this and keep the sector sustainable. Thank you.

Ms. Diane Gabay: Good afternoon. Once again, my name is Diane Gabay. I am the chair of the board of DeafBlind Ontario Services. I'm also a mother to a young man who is congenitally deaf-blind.

My son Charles, whom we nicknamed "Shalom," is 31 years old. Shalom has been deaf-blind since he was six months old. In addition to being deaf-blind, Shalom has other health issues. He cannot walk or feed himself and is developmentally delayed. He needs to be supported 24/7. In 1994, he moved into a DeafBlind Ontario Services home in Richmond Hill with two other young men who are also deaf-blind.

Although Shalom cannot verbally communicate, it is through his intervenors that we were able to discover that

he loves to have the sun shine on his face in the summertime while he's swinging on a tire, that he loves to feel the wind blow in his hair while he's going on a boat ride. He loves the rough and tumble of playing with a dog or going for a walk with his buddies. He will laugh, giggle or scream and let you know what he likes or does not like.

For my son, the support of an intervenor is essential. An intervenor is his means of communicating with and understanding the world around him. Without the support of an intervenor, Shalom would be trapped in his body, unable to participate in life, literally in a prison—I'm sorry.

1340

My family is extremely pleased that he is receiving the daily level of support he requires in order to live a normal, happy life. His intervenors help him with all of his daily activities such as bathing, eating, dressing and, most importantly, communicating and going out into the community. Without the level of support that he now receives, he would not be able to function at all.

As chair of the board of DeafBlind, I know first-hand how hard we have worked to promote the DeafBlind vision and mission; how, in consultation with MCSS, we have developed programs, come up with standards of excellence, trained our valuable intervenors and so much more. But the work is never finished, and as we are now facing severe cuts in our budget, I shudder at the thought of what the future might look like for our residents and my son.

Now, I'm going to ask everyone in this room to stop for a second. Look around you and listen to what's going on around you. Well, lucky for all of you, because our residents and my son are not so fortunate.

Can you imagine what it would be like to be deaf, blind and unable to care for yourself? Without assistance, you would be sitting in a corner all day, unable to participate in the world around you. The proposed funding cut to DeafBlind Ontario Services would reduce my son's beautiful group home to nothing more than an institution. Please, do not turn a blind eye and a deaf ear to this situation. Thank you, and once again, I apologize.

The Chair (Mr. Pat Hoy): Nothing to apologize for. The questioning will go to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Roxanna and Diane, for your presentation today. Thank you for the work that you do on behalf on the deaf-blind and your commitment to continue to work with MCSS. Diane, thank you for sharing your personal story about your son Charles.

Ms. Diane Gabay: Thank you for listening.

Ms. Leeanna Pendergast: It's the narrative that really brings a story alive for us and helps us to see the implications of what you're presenting. Thank you for that personal story. Charles, as you mentioned, is in Richmond Hill and you have a very strong supporter in MPP Reza Moridi, the MPP for Richmond Hill, who is a strong supporter as well of the deaf-blind.

We've heard from people across the province in the last seven days. You were very well organized; a great group. We also heard from Deafblind in London; we heard from Julia, who is deaf-blind; we heard her story. You know, Diane, when you talk about, "Don't let the body be somewhere that they're trapped," we see that; we understand.

The question is—and I'm going to try to share my time with my colleague—that intervenors and supporting those services is just one piece of a larger puzzle. We've heard also that the support services—Diane, you outlined the health care and all the other things that intervenors could be doing if they had the time and the support. We also heard in Windsor from the hearing association that they would like to see money go into diversionary tactics as well because the communication piece is so big. We heard a narrative about an individual who needed diversionary supports to avoid some future problems.

I guess because it's such a big picture and the ask doesn't seem very big, is this what you would say is a first step? When you're talking about \$10 million over five years, is this the first step? And if you had a chance to look down the road and say what would be a next step—because then I see in your next line, after saying intervenor services, \$10 million, so \$2 million over five years, "the additional funding would maintain current levels and the pressures of new people coming into service." I have a concern about that. Not only are there people on waiting lists, but what is the anticipated level of need in new services?

Ms. Roxanna Spruyt-Rocks: We've had lots of discussion with MCSS, and because it's a finite program with a limited pot of money, they're trying to spread the current \$25 million over what they're trying to provide with the case mix models, and trying to address for the next three years about eight new people coming in for service. Thank goodness, it's a very small disability group in the province of Ontario. It's a very vulnerable disability group, probably—and I'm sure you've heard this—one of the most vulnerable. Just picture yourself deaf-blind.

What we're trying to do for the next five years is to address those issues. We were looking at \$10 million over five years, whether it's \$5 million up front—that would be great—and then slowly—but with all due respect, we also realize the position that the government is in, wanting to be fiscally balanced and not putting more pressures than we need to, but we're in desperate need in this sector.

We applaud the government. In the past, they have been supportive of us, and dollars have come to our sector, but for the last few years, we have not seen them.

Ms. Leeanna Pendergast: So this is your long-term plan.

Ms. Roxanna Spruyt-Rocks: This is our long-term.

Ms. Leeanna Pendergast: Excellent. Ms. Carroll?

Hon. Aileen Carroll, P.C.: Thanks.

The Chair (Mr. Pat Hoy): You have about 90 seconds.

Hon. Aileen Carroll, P.C.: Oh, Gee, my one chance to talk.

I would share Leeanna's comments and just say to you that I encourage you to continue to work closely with the ministry. There are many of us who have heard your dilemma and are joining you. I had three of your colleagues come to my office in Barrie. They were tremendous ambassadors of what they do, being able to convey to me just what you were trying to convey, that the lives of people before they came to the group homes, when they were in institutions, were to sit alone, day after day. With the work of the intervenor, they get to do volunteer work; they have the opportunities, as you mentioned, sometimes for paid work.

We are under tremendous pressures, and it's very hard to make choices. I think you have a very, very important tale to tell. Certainly, I am hoping to tell or have told your tale as well.

Ms. Roxanna Spruyt-Rocks: Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

ONTARIO ASSOCIATION OF CHILDREN'S REHABILITATION SERVICES

The Chair (Mr. Pat Hoy): Now I ask the Ontario Association of Children's Rehabilitation Services to come forward. Good afternoon. As you've heard, you have 10 minutes for your presentation. The questioning in this round will come from the official opposition. I'd just ask you to identify yourselves for our recording Hansard.

Ms. Linda Kenny: My name is Linda Kenny.

Ms. Carol Lloyd: I'm Carol Lloyd.

Ms. Tina Shier: Tina Shier.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Linda Kenny: Good afternoon. We're pleased to be here this afternoon. My name is Linda Kenny and I am proud to represent the Ontario Association of Children's Rehabilitation Services. We call that OACRS. I will be sharing my time today with my colleagues Carol Lloyd and Tina Shier from the Easter Seals.

I bring you greetings from our 21 member children's treatment centres and from the chair of our board of directors, Caroline Stone. A parent from Ottawa, Caroline would have liked to have joined us today, but the conflicting priorities of being a mom and winter in Ontario meant that she could only join us in spirit.

As many of you know, OACRS is the united provincial voice of Ontario's children's treatment centres. Our members provide essential rehabilitation services to children with developmental, physical and communication challenges. Every year, we see 65,000 children, youth and families come through our doors. Together, families and service providers embark on a journey to unlock the potential in children. Most of you around the table today will know first-hand of the great work that some might call everyday miracles that happen in our communities all across Ontario.

We know that Ontario is a great place to raise a family. We're fortunate to have a wonderful education and health care system. We have a strong and publicly funded children's services system to provide extra assistance that families may require. In April, OACRS and its members were delighted when the government announced \$9 million in new funding. At that time, we pledged to make sure that investment had a tremendous impact. We look forward to sharing the data after our first year of the new funding, but I can tell you, at this early stage, we appear to be on track and estimate that we've got about 2,800 children and 75 jobs that have been impacted in the first year alone.

1350

Today, though, we're here to talk to you about early learning. The government has moved forward with a bold new plan to introduce full-day kindergarten across Ontario. Families are welcoming this initiative. The first year of implementation has been well received. We've seen 15% of eligible children in Ontario enrolled, with a plan to ramp up to 100% by 2015.

Nevertheless, we come before you today with a caution: Children with extraordinary needs, children such as those served in children's treatment centres, are under-represented in these early numbers. There are a variety of reasons for this. Schools need time to make their physical space accessible, and extended-day options need to be in place. We know that plans are under way to address some of those issues.

Of more concern to us are those parents who are opting to keep their children out of full-day kindergarten, even when that option exists in their neighbourhood schools. Parents tell us of their concerns with the transition of their children into the kindergarten environment. They fear that they will have to forgo valuable therapy supports for their children. These supports are critical for the development, well-being and potential of their children. If the supports don't follow the child into the classroom, the child is not going to be able to take full advantage of what the government is offering. Families right now are having to choose between school and therapy.

This is likely manageable in the short term. Our concern, though, is that as the program unfolds over the next couple of years, without early planning for effective transitions, we will have created unintended barriers for children who require specialized supports.

As you can imagine, delayed entry for this cohort of children will isolate them from their peers, impact their strong start in school and certainly impact their learning potential. We don't believe that that's the intention of anyone. We do believe, however, that the time to act is now, during the planning and implementation phase.

We are respectfully requesting that the government in general and the Ministry of Education in particular target a modest sum—\$15 million—of the whole funding envelope for full-day kindergarten. These targeted funds, 1% of the total \$1.5-billion estimated investment, should be designated for specialized support services to ensure the seamless and integrated transition of children with moderate or complex needs.

To illustrate this point, I'd like to briefly mention some exciting work happening in a few communities. Going back to the government's investment of \$9 million that I spoke of earlier, in the communities of Chatham, Sarnia and the city of Kawartha Lakes, the CTCs in those areas invested their share of those new funds in developing partnerships with several local schools. Designated teams providing occupational therapy, physiotherapy and speech and language therapy attend children on-site at school to provide individual or small-group therapy, to engage and encourage families, and to provide consultation and support to educators.

Since September, 306 children in 29 schools have benefited from these pilot programs. Interestingly, 52 new students have been identified, diagnosed and are now receiving treatment simply because the teams were present. Those are children who were previously unknown to any service provider.

The benefits are becoming evident: children receiving services from the CTCs experience continuity and seamless transition; families are more involved and engaged; early intervention for those newly identified children; and strong relationship-building with educators, teachers, ECEs and school administrators.

For this year, the initiatives are small in number and relatively low in cost. The positive outcomes for children are priceless. However, as the number of neighbourhood schools continues to increase, the sustainability of initiatives such as this will be at risk.

In order to ensure that all children can benefit from what the government is offering, we seek the support to maintain and expand these successful partnerships.

Again, we would respectfully remind the committee that we are not petitioning for new resources; rather, we encourage you to recommend that \$15 million—1% of the full-day kindergarten funding envelope—be targeted for the provision of vital specialized services to provide children with special needs the tools they need to successfully transition to school, to make families more resilient and to expand the capacity of our excellent education system to welcome all children and enhance child development and progress.

Before I conclude, I'd like to draw your attention to the back of our written submission. At the beginning of my remarks, I spoke of our good fortune to live in a jurisdiction that valued strong health care, education and a children's services system. On behalf of our partner organizations, the children, youth and families we collectively represent, and the dedicated and passionate staff and volunteers we are engaged by, I'd like to invite Carol Lloyd to speak with us now.

The Chair (Mr. Pat Hoy): You have about three minutes left in your presentation.

Ms. Carol Lloyd: Okay. I just wanted to point out to the standing committee that the pages that you'll see at the back of the document you received are in fact key messages that are the outcome of a collaborative initiative and discussion that the five organizations listed on the sidebar engaged upon.

Basically, I think the key messages that we want to get across are that all of us in Ontario want the best for our children. Sometimes in Ontario there are families and children that are vulnerable. This results oftentimes from lifelong ongoing needs, or it may be situational in nature. There may need, at some point in their life, to be some time-limited assistance and support.

We also want to emphasize again that all of our children deserve the absolute best opportunity to achieve their potential. None of us want to see any children left behind. We appreciate also that elected officials—our representatives—balance competing priorities that on a daily basis you have to compromise and juggle. Our position is that the well-being of children remains a non-partisan focus.

You will note that there are five components here that we've looked at, one being that, as I mentioned before, all children deserve to dream and achieve and develop into well-adjusted, productive adults. Children benefit from a province that welcomes them and supports and believes in them. There are some stats here that at least one in five Ontario children and families require that additional assistance. We feel it's neither fair nor smart to leave these children behind. We also have experienced that a strong system of service requires us to plan and build responses that are collaborative and responsive through a continuum of service.

What we would like to get across to the standing committee also is that economic prosperity will not be achieved unless children and families have access to fundamental services that they require to overcome barriers and benefit from all that Ontario has to offer. Our collaborative request to the standing committee is to make recommendations to the Minister of Finance that invest in the importance of children, especially those with extraordinary needs, so that they all will have the future they deserve and can contribute to the future of Ontario.

Ms. Linda Kenny: Thanks, Carol. Mr. Chair and members of the standing committee, I'm sure that if I were to ask each of you, each and every one of you would have had a personal experience with at least one of these organizations in this document, or if not you personally, someone very close to you. We urge you to think about those experiences—about the faces and the stories attached to those experiences—when you make your recommendation.

We know that in your role in this committee you hear many petitions and we are asking that you commit to the future of Ontario by investing in its children.

The Chair (Mr. Pat Hoy): Thank you. The question goes to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you very much for your presentation this afternoon. First of all, just about children's treatment centres: You stated in your document that they serve 65,000 children. Geographically, do you cover pretty much the whole province?

Ms. Linda Kenny: The entire province, yes.

Mr. Norm Miller: So for my own selfish interests, then, in the Parry Sound-Muskoka area—

Ms. Linda Kenny: One Kids Place.

Mr. Norm Miller: One Kids Place in North Bay, then?

Ms. Linda Kenny: That's correct.

Mr. Norm Miller: Okay; that's what I was guessing.

Ms. Linda Kenny: There may be 21 centres around the province, but they all have a boundary jurisdiction. I think that at last count we had about 70 sites around the province.

Mr. Norm Miller: And One Kids Place runs satellites in other communities as well?

Ms. Linda Kenny: That's correct.

Mr. Norm Miller: Okay. That's what I assumed, but I just wanted to make sure I had that correct.

You're concerned, with the new full-day learning program, that there are barriers to children who may participate in full-day learning because parents are worried about giving up the supports they already have to be able to participate in full-day learning?

Ms. Linda Kenny: We're very supportive of full-day learning; we think it's a great option for kids served in our sector. We want to make sure that those kids transition seamlessly and effectively into full-day kindergarten. Our urge is that we plan for that now, at the beginning of the planning of full-day kindergarten, so that we're not creating those barriers.

Mr. Norm Miller: At this point, with the first 15,000 kids, are there parents who are deciding not to enrol their kids in full-day learning because they're afraid of giving up the supports they have? Is that the situation?

Ms. Linda Kenny: Some of the situations that we have been made aware of—we know a story of a parent who pulled her child out at Christmastime because the model of having her child go to school all day and then try and do his therapy after school was just not effective for a four-year-old.

1400

Mr. Norm Miller: So would the answer be that they'd get the therapy during the school day somehow?

Ms. Linda Kenny: Yes, as part of the classroom.

Mr. Norm Miller: And that's what this \$15 million would support?

Ms. Linda Kenny: Absolutely, yes.

Mr. Norm Miller: Okay. Thank you very much.

The Chair (Mr. Pat Hoy): And thank you for your presentation.

ADVOCIS

The Chair (Mr. Pat Hoy): I'd ask the Financial Advisors Association of Canada to come forward, please. Good afternoon. I noted you were sitting at the back and should likely know how we progress now. The questioning will come from the NDP and Mr. Tabuns. If you'd just state your name for our recording Hansard, you can begin.

Mr. Greg Pollock: Great. Thank you, Mr. Chairman. I'm Greg Pollock, the president and CEO of Advocis. With me is Marian Passmore, our assistant director of

regulatory affairs. I'd like to again thank you for the opportunity to appear before you today.

Advocis, the Financial Advisors Association of Canada, is the largest and oldest voluntary professional membership association of financial advisers and planners in Canada. Some 6,000 Advocis members in Ontario provide comprehensive financial planning and investment advice, retirement and estate planning, risk management, employee benefit plans and disability coverage to more than one million Ontario households and businesses. Our members sell life and health insurance, mutual funds and securities. Many Advocis members are independent owners and operators of small businesses, entrepreneurs who create thousands of jobs in communities across the province and throughout Canada.

Advocis members maintain lasting relationships with their clients based on trust. They help clients both young and old—individuals, families and businesses—to set financial goals, to manage risks, to save consistently and to invest prudently.

Advocis promotes the professionalism of financial advisors based on education, best practices, proficiency and ethical standards. We do this through our code of professional conduct; through guidance on best practices; through our errors and omissions program, which protects consumers; through professional designations supported by a comprehensive curriculum and rigorous standards; and through mandatory continuing education.

Ontarians need financial advice in order to manage their own financial priorities: to plan, to save consistently and to invest prudently over the long term. Advocis believes that Ontario needs a competitive market for financial services that offers consumers a range of choices, including access to small business financial advisers. Advocis believes that access to professional financial advice is needed by the majority of people in Ontario in order to lead to good consumer financial outcomes in a host of areas, such as planning for a child's education, long-term health and in the area of retirement income savings. Advocis strongly supports reforms to facilitate retirement saving and to improve retirement income adequacy for all Canadians, both now and into the future.

We'd like today to bring to your attention a number of important facts and a few issues that we believe the government of Ontario should consider when it identifies priorities for the coming fiscal period.

Professional financial advisers help Ontarians save and plan for their future financial needs. People who rely on financial advisers' advice accumulate more financial wealth and are better prepared for retirement than people who do not receive advice. This has been shown to be the case regardless of the age and annual income of individuals, and was documented in the Value of Advice, published in July 2010 by the Investment Funds Institute of Canada.

We believe Ontarians are best served by a competitive market for financial services that continues to offer consumers a range of choices, including access to small business advisers.

Advocis strongly supports reforms to facilitate retirement saving and improve retirement income adequacy for all Canadians, both now and into the future. The government should implement practical reforms now which can improve the ability of Ontarians to save for their future.

Advocis believes that Ontario should follow the lead of Alberta, Saskatchewan and Manitoba in protecting consumers who are sold creditor mortgage insurance, creditor disability insurance and other forms of incidental insurance by regulating in this area. Advocis recommends that sellers should be required to be trained, licensed and supervised, and should carry errors and omissions insurance. The companies and individuals selling these products should also be required to comply with consumer disclosure requirements.

On the regulatory front, we believe the ability of independent financial advisers to serve Ontarians is threatened by overly prescriptive regulation. We have seen ever more rules with the Ontario Securities Commission and the industry regulators that it oversees: the Mutual Fund Dealers Association and the Investment Industry Regulatory Organization of Canada.

Increasing regulatory and compliance costs threatens to put professional financial advice out of reach of many consumers. The increasing regulatory burden and cost of compliance for smaller market participants is making it more costly to serve clients and is contributing to increased concentration in the delivery of financial products and services. Ever fewer large financial entities offer consumers less choice, particularly in smaller communities.

With respect to the incidental selling of insurance, all too often, consumers who are taking out a mortgage or loan are sold insurance by individuals who are not licensed and not adequately trained and supervised. All too often, consumers who believe they were paying for peace of mind for themselves and their families find out later, when coverage is denied, that the peace of mind was an illusion.

Currently, the sale of incidental insurance, such as creditor mortgage insurance, creditor disability insurance and travel insurance, sold at financial institutions, car dealerships, travel agencies, sales finance companies and other entities that sell insurance incidental to the sale of another product, is not regulated in Ontario. This is a major regulatory gap.

Consumers are at risk of having their insurance claim denied as a result of inadequate disclosure and the lack of any individual accountability on the part of the seller. This can have a devastating impact on consumers and their families who discover, months or even years down the road, that their claim on the insurance is denied.

For example, Peter Chisholm was denied his travel insurance claim after his heart attack in Barbados on the basis that he had a pre-existing condition. This is despite having disclosed that he had an angioplasty eight months before the trip. No one told him that certain exclusions would apply. He was denied coverage for the \$33,000 claim due to his taking a new prescription drug during the six months before the trip.

Alberta, Saskatchewan and Manitoba have introduced regulations to protect consumers who purchase incidental insurance products. To date, Ontario has done nothing. Ontario should seize the opportunity and re-take the lead by establishing the highest standard of consumer protection in this area.

We recommend that:

- sales representatives for these products should be required to hold a provincial licence, pass certain educational courses and be adequately supervised;

- individual licensees should participate in continuing education and carry appropriate insurance, like other insurance agents in the province; and

- companies and individuals selling these products should comply with enhanced consumer disclosure requirements so that consumers can be adequately protected.

Consumers should be given a reasonable cooling off period, for example, and should be informed that similar products are available through other distribution channels. Consumers should also be given an explanation of the underwriting process and when the underwriting will occur.

Finally, just on improving retirement income and financial security, Advocis believes that employees and employers should be encouraged to participate in retirement savings plans. Specifically, we believe the government should focus on improving the regulatory environment for defined contribution plans; harmonizing regulations between the provinces and federally; removing barriers and establishing incentives to encourage employment-based retirement savings plans; to consider, along with the federal government, tax changes to place defined contribution plans on a more equitable footing with defined benefit plans; and to improve the situation for those who contribute to RRSPs.

Mr. Chairman, I'd like to thank you and the committee for the opportunity for appearing here today. I'm certainly open to some questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning will come from Mr. Tabuns.

Mr. Peter Tabuns: First of all, thank you very much for taking the time to come down here today and make a presentation.

The question of regulation of financial advisers: Obviously, we're all going to have to do a balancing act—my colleague on the other side there has used these terms a lot in the last few days. We saw what happened in Quebec with Earl Jones and the Ponzi scheme, and Bernie Madoff operating outside the regulatory framework. So authorities that regulate and are responsible to the population as a whole don't want that sort of thing to be reproduced. At the same time, you're right: We want affordable financial advice available to people not just in big cities but across Ontario. You're concerned about the regulation. Where do you see a dividing line that would allow us to usefully say, "This works. It protects the population, and it works and allows this sort of business activity to continue in a practical way"?

1410

Mr. Greg Pollock: Thanks, Mr. Tabuns. Just a couple of things with respect to that question: First of all, we're not opposed to regulation at all. We want smart regulation. We want regulation where there's some identified problem, and there's a solution that needs to be found. We need regulation that involves input from advisers who are on the ground and who are dealing with clients day to day. Often, some of the regulators in the country will consult with dealers and with the companies, but they're not consulting with the individuals who are actually dealing with those clients day to day who could bring another perspective—not that those perspectives aren't warranted.

You made a little bit of an allusion to the whole issue of the regulation of advisers themselves. When I spoke about the regulation of financial advice in this presentation, I'm speaking more to the distribution of financial advice and products and the regulation of those products, "know your client" forms and so forth.

With respect to the regulation of advisers, we would agree that some form of oversight that, in effect, would build confidence in the public is warranted. Certainly, we would be interested in a discussion that would lead to—I don't know if it would be the formation of a profession, because it's a complex industry. We have insurance licensees, we have mutual fund registrants, and we have securities registrants and so forth, folks who are selling group benefit health insurance plans and group pension plans. There's a large group in there, but we have put our minds to this, and we do believe that if you create that kind of body, then you hold that body accountable, and that body will hold their peers accountable.

Certainly, Earl Jones was not a financial adviser—he didn't have a licence—but he could actually put up a card that said, "I'm a planner. Please put your faith in me." We don't want to see those kinds of individuals in the industry either.

Mr. Peter Tabuns: No, I didn't think you did.

Mr. Greg Pollock: No, not at all.

Mr. Peter Tabuns: Just on the whole question of making sure that those who sell incidental insurance are educated and regulated, you gave one example of a case where a person had not been actually fully informed as to whether or not their coverage would be effective if they had a problem. How big a problem is this?

Mr. Greg Pollock: That's a very good question. I don't have a specific answer to that, but I will say that there's a recent study out of the UK where they have done a very detailed investigation on this issue, and we're going to pursue this study. The preliminary results of the study are showing that in 85% of the cases, individuals that have been, in their mind, underwritten for a particular product, in fact have not been underwritten appropriately, and there is an exposure there. This could be a very serious issue, and one that could be easily addressed, in our view, through appropriate licensing and education.

Mr. Peter Tabuns: I don't have further questions, but I thank you for that information.

Mr. Greg Pollock: All right. Thank you.

The Chair (Mr. Pat Hoy): Thank you.

MULTIPLE SCLEROSIS SOCIETY OF CANADA, ONTARIO DIVISION

The Chair (Mr. Pat Hoy): Now I ask the MS Society of Canada, Ontario Division, to come forward, please.

Mr. Yves Savoie: Good afternoon.

The Chair (Mr. Pat Hoy): Good afternoon. You have up to 10 minutes for your presentation. There could be up to five minutes of questioning. In this case, it will come from the government. I just ask you to state your name for our recording Hansard.

Mr. Yves Savoie: Thank you. My name is Yves Savoie. I'm the president of the Ontario division, and I'm also the CEO of the MS Society of Canada. Mr. Chair and members of the committee, thank you very much for your invitation to speak to you today in connection with our pre-budget recommendations for your consideration.

The Multiple Sclerosis Society of Canada has a mission to be a leader in finding a cure for MS, all the while providing programs and services to enhance the quality of life of people who are touched by MS.

Today I'm going to touch on four areas we've noted in our pre-budget submission, and the key recommendations. The first area will be the creation of a registry for people with MS; second, the development of an Ontario brain strategy; thirdly, supporting family caregivers; and finally, the extension of energy rebates for people with disabilities.

I suspect that many of you have heard from constituents about CCSVI. CCSVI is the theory advanced by Professor Paolo Zamboni, in Italy, in which he posits that an obstruction in the drainage of blood from the brain to the heart may cause buildup of iron and as a result cause inflammation, which constitutes possibly the trigger for MS. Currently, the treatment for CCSVI is not offered in Ontario nor is it offered elsewhere in Canada, as evidence on the safety and efficacy of CCSVI continues to be very limited and does not yet reach the standards required by provincial governments and physicians.

We've acted swiftly to accelerate the pace of discovery and, with our US counterparts, are jointly funding \$2.7 million in research studies to actually look at the connection between CCSVI and MS and to explore the question of what is the gold standard for diagnosing the obstructions that could be treated with angioplasty.

We continue to work with governments across the country on this front, and there have been a number of developments. You may have heard that the government of Saskatchewan committed \$5 million to support clinical trials. The government of Manitoba earmarked half a million dollars for clinical trials if and when such trials are warranted. The government of Newfoundland funded a smaller observational study for individuals who are seeking experimental treatment abroad. And the government of Alberta promised up to \$1 million for an

observational study/registry and committed to fund a treatment trial when it is ethical and able to proceed.

We've called on the government of Ontario to make similar commitments, and today I'm going to focus on our ask to create a registry. Registries are longitudinal databases that provide important information that promote better decision-making—better decision-making in the context of better information about risk factors and prognosis about a particular disease state; in this context, MS. They serve as an important guide for people who are involved in clinical care of people with MS, people who are involved in health policy, but also people with MS who are making choices about which treatment options they want to pursue.

Registries have been developed in other jurisdictions in Canada. With a disease like MS, where there is so much variation in the course of the disease and there are so many treatment options—it's a very happy thing that has grown over the last 15 years—having systematic data that informs and enlightens those choices is really critical.

The costs associated with MS are estimated to be about \$1 billion in Canada—this is an estimate of the Canadian Institute for Health Information—more than all infectious diseases combined. I think it's important to have the kinds of tools that a registry would provide to inform policy decisions and clinical decisions in serving people with MS.

Another initiative that would help better manage chronic diseases and the socio-economic costs that are associated with them is the creation of an Ontario brain strategy. Just recently, in late 2010, the government announced funding to create the Ontario Brain Institute. It's an announcement which we applauded. Yet, along with other partners from neurological charities interested in diseases of the brain like Alzheimer's and Parkinson's, we recognize that research is just one piece of the response to the reality of people living with neurological conditions. Adequate community supports and supports for caregivers are the other prongs.

It's estimated that over one million Ontarians live with a neurological condition, and that one in three will be affected by mental illness in their lifetime. As our population increases and ages, the incidence of these conditions will likely climb to one in two Ontarians. The economic costs of brain conditions are estimated to outweigh those of cancer and cardiovascular disease combined. That is why we are inviting a commitment to the development of an Ontario brain strategy that would encompass strategies in supporting the right and age-appropriate care for people living with a disease and their carers and caregivers, in terms of supports to those who are providing informal caregiving—and obviously continuing investments in the area of research for diseases of the brain.

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I also want to touch briefly and further on the question of supports for family caregivers. The Ministry of Health and Long-Term Care estimates that one in five Ontarians

is caring for a loved one, and they contribute to over 70% of caregiving needs. This is happening informally. Among people who care for younger adults with disabilities, which is often the case for individuals who care for loved ones with MS, we know that 30% declined promotions and 50% had to quit work to continue caring for their loved ones.

We are concerned, obviously, that the burden of informal caring has a huge impact on families, but additionally, as Ontarians, we are concerned that these burdens are also burdens for our economy, for the productivity and economic health of Ontario. That is why we would encourage parliamentarians, in considering the budget submissions for 2011, to convene a task force of employers, government, health benefit providers and caregiver representatives to provide and test policies to support caregivers in the workplace and to favour continuing attachment of caregivers at work. It requires flexible approaches, obviously, to help caregivers continue to be meaningfully engaged in contributing to our workforce.

Finally, I want to touch briefly on our request for you to consider extending energy rebates for Ontarians with disabilities in the wake of rising energy prices, particularly in light of the policies to increase energy as it relates to peak hour pricing. About 15% of Ontarians live with disabilities. People living with MS and other disabilities have a special need for utilities and other electrical devices to help them manage their overall health and well-being.

I'll just give you an example about MS that is very invisible. MS produces all kinds of physical symptoms, but for many people with MS, one of the first symptoms is a very high level of intolerance to heat. As our summers are extremely hot, the MS Society has a program that helps people with MS purchase air conditioners for their home to actually make it sustainable to live through the warmest days of summer—a good thought on a day like today.

Other people with MS obviously use power scooters, stair gliders or power wheelchairs. All of those things require electricity. Those batteries are recharged, those stair gliders and those air conditioners which allow people to live comfortably in their homes. A volunteer with the MS Society who lives in Oshawa did very detailed estimates of what the incremental costs to him are going to be, in terms of his utility bills, just on account of those costs that relate to those devices that are required by reason of his disability. That's \$600 a month.

The reality of energy rebates has already been contemplated, as the government has extended rebates to northerners and to seniors. Our request is for the government to consider extending such a rebate to Ontarians who receive the disability tax credit and, as such, have already been confirmed as being significantly disabled.

I thank you very much for listening to our presentation, and I would be delighted to entertain a few questions.

The Chair (Mr. Pat Hoy): Very good. The questioning will come from the government side. Ms. Carroll.

Hon. Aileen Carroll, P.C.: Thank you for your excellent presentation. You suggest a number of initiatives to get the brain cells working, and that's always a good thing for all of us on these wintry days.

How long do you have for questions?

Interjection.

Hon. Aileen Carroll, P.C.: Five minutes. I want you to have half of it, so I'll talk fast.

Mr. Yves Savoie: That's okay.

Hon. Aileen Carroll, P.C.: I've had a particular interest in CCSVI, which you may know, and I think the points you make here under that heading are very good indeed. I think we've reached the point where the need for empirical data is acute because of the hope—the lack of it, perhaps—the accompanying media attendance to this is creating. That becomes, as you would know better than any of us, a major issue within the MS community. I think you're asking for pan-Canadian studies—clinical trials, rather; it's very astute. It will come forward here as a result of the pre-budget hearings as to whether or not research and innovation or the Ministry of Health will see an Ontario role there, but good for you to bring it forward.

I think too, as you've mentioned, Newfoundland and Saskatchewan and other provinces have gone there. I don't think we've heard any murmurings out of Ottawa. The federal minister has taken a very small-c conservative position on this. I think a federal role, when you're talking pan-Canada anything, is important, but good for you to bring it to our attention.

I also think your comment on the inventory, another part of the creation of empirical data, is vital. Newfoundland's project is a bit of an inventory, but very confined to a relatively small group of people returning to Newfoundland, having had the procedure overseas. So I have in the past and will continue individually—I'm glad you've brought it here—to support the clinical trial approach. I think it's really the main route.

The ethical dilemma is very real for doctors. It's also very real for the hospitals, because, as you know, the final decision on whether or not to perform that procedure rests with individual hospitals in Ontario, and I don't think a lot of people realize that.

Obviously, I think you did a great presentation. The brain strategy, whether that's the umbrella under which we cluster the impact of disease and this huge grey tsunami that's happening, I don't know. The caregivers' piece is vital and has been for a long time. As we age, you need more; as we get disease, you need more. The stresses on family create their own set of dilemmas.

If you'd like to comment any further, please jump in.

Mr. Yves Savoie: Maybe I'll add a point about the request on the registry for CCSVI, just to make sure that you understand that we have made that request of all provinces and of the federal government. We have made that request of Minister Matthews and we have had very fruitful discussions with her officials. We've also made the request of the federal government, through Minister Aglukkaq, to play a funding and coordinating role.

It is right that some governments have moved, but to attend to the question of the registry in a systematic and comprehensive way, many people—and we are among them—agree that it requires a coordinated response, one that involves—and Ontario is fundamental in this because of the size of the province in terms of its population. Any pan-Canadian approach really must include Ontario.

I'm quite happy to say that the responses we're receiving from governments that represent different political parties have actually been very favourable, so I'm confident that we may see movement here. But I would ask all of you, with your colleague Minister Matthews and others, to continue to advocate for this, because, as you've said, the state of science and of information available on CCSVI today is still at the preliminary stages. People with MS obviously have a right, which we honour and respect, to make the choices that are their own to seek treatment overseas, but any information that is available to help enlighten that choice in terms of the risks associated—as you know, there was a tragic death in Ontario in October. Those are the kinds of things that would be possible with a registry. It would be an important asset for MS research.

Hon. Aileen Carroll, P.C.: I think we need the registry and the data for not just those who go overseas, but to bolster the argument, should it need to be bolstered, that the procedure should be made available.

Mr. Yves Savoie: Absolutely.

Hon. Aileen Carroll, P.C.: Thank you, Chair.

The Chair (Mr. Pat Hoy): And thank you for your presentation.

Mr. Yves Savoie: Thank you very much, Mr. Chair. Thank you to the members as well.

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CUPE ONTARIO

The Chair (Mr. Pat Hoy): I'd ask CUPE Ontario to come forward, please.

You have 10 minutes for your presentation. The official opposition will be asking the questions in this round. I just ask you to identify yourself for Hansard.

Mr. Fred Hahn: Certainly. My name is Fred Hahn, and I'm the president of CUPE Ontario. I want to thank the committee for the opportunity to present CUPE's views on the budget for 2011.

With more than 240,000 members, CUPE is the largest union in the province. CUPE members are your neighbours; they care for you at your local hospital; they collect your recyclables and your garbage from the curb; they plow your streets and cut grass in parks and playgrounds; they produce and transmit electricity; and when the storm hits in the middle of the night, they restore the power. They take care of your children in child care centres and in schools all across Ontario and your aging family members in long-term-care facilities; and they make life better for some of the most vulnerable citizens in Ontario, including those with developmental

disabilities. They do this every day, in every riding of the province, and it helps make Ontario a good place to work and live, but it also equips us as a union to provide a positive contribution toward the planning for the provincial budget.

Today, Ontario faces two competing budget strategies: the path of investment and job creation or the path of cuts to programs, services and staffing. The 2011 budget cannot take both paths. That won't work, and it will please no one. CUPE was supportive when the government invested to get through the recession, because it was the right thing to do for the economy and for our communities. We disagree, however, when government goes the opposite direction and cuts funding to public services, and we shake our heads when government promises billions in new tax giveaways to banks and big corporations, effectively kneecapping its capacity to fund public services or to assist in deficit reduction.

The 2011 budget requires a consistent direction, not a mission-impossible attempt to straddle two contradictory strategic approaches. Making the right budget choices means accepting one simple fact: Ontario doesn't have a spending problem; it has a revenue problem. Ontario's economy has not recovered such that we no longer need to invest. More than 400,000 Ontarians used food banks last year, an increase of 7.4% from 2009. Ontarians are still reeling from the effects of the recession, and even more shocking, children—almost 150,000 of them—made up 40% of those using food banks.

For a provincial government, there's no better path to meeting these challenges or balancing the budget than investments that put money into local economies and increase tax revenues.

Consider this: \$1 invested in public child care generates \$2.42 of new economic activity; \$1 invested in public transit generates \$2. That's public spending that, through multiplier effects, generates further economic activity that would actually increase provincial revenues. Ontario's corporate tax cuts, however, failed to produce new jobs and actually worsened the province's revenue problem.

Decreases in corporate taxes in Ontario have been matched almost step for step by a decline in investments in machinery and equipment. Between 2000 and 2009, the combined Canada-Ontario corporate tax rate dropped from 44.6% to 33%, but instead of increased investment there was a corresponding drop in business investment compared to GDP, from 8% down to only 5.7%. A quick reference to Europe provides stark contrast to those who believe in the inverse relationship between corporate taxes and a robust economy. Germany's combined corporate tax rate is 30%; in Ireland, it's 12.5%. It's clear to the whole world which country boasts a stronger economy. Continuing with annual corporate tax cuts will force us to choose between providing vital services and reducing the deficit, and that's a choice we won't have to make if we take the prudent approach of cancelling ill-timed and unnecessary corporate tax cuts.

In a recent KPMG study of different countries, corporate tax rates in Canada came in second, with only Mexico

boasting lower corporate tax rates. The same study shows that, of 41 major international cities, Toronto ranks near the top, at number 5, with a low business tax environment. It's ironic that the Liberals' federal leader, Michael Ignatieff, criticizes corporate tax cutting, saying that it's imprudent in the extreme to borrow \$6 billion to give a tax break to large, already powerful corporations when you're running a deficit. He characterizes the debate over cutting corporate taxes as a fundamental disagreement on the economic policy of the country.

In his 2010 technical paper, *Deficit Mania in Perspective*, economist Hugh Mackenzie shows that tax cuts have reduced Ontario's fiscal capacity by approximately \$18 billion a year, an amount, coincidentally, almost exactly equal to the size of the provincial deficit.

This is all to say that Ontario doesn't have a spending problem, but a revenue problem. Fixing that problem includes rolling back Ontario's corporate tax levels to where they were in 2009. Ontario has a deficit because it did the right thing and it invested to get our communities through an economic crisis. Ontario's deficit is not the result of public services.

Ontario ranks near the bottom, number 8 out of 10 provinces, in program spending as a share of its GDP. Spending on the public sector has steadily shrunk as a share of total employment, going down from 23% in the mid-1970s to only 18% in 2009. Wages and salaries as a share of government spending have been dropping for 25 years, from 52.3% in 1981 down to 39.4% in 2007. Contrary to popular perception, public sector wages actually fell behind private sector wage settlements for 16 out of the last 18 years. According to the Ontario finance ministry, public sector wage settlements are now averaging at 1.7%, which in the context of a 2% inflation rate in Canada means that real wages, salaries and purchasing power are actually declining.

The combination of high unemployment, inflation and stagnant or dropping real incomes, aggravated by highway-robbery credit card interest rates, has led to record levels of household debt. A combination of falling real incomes and record levels of personal or household debt means that 2011 is not the right time to pull money out of the economy. That's why a continuation of any compensation restraint would hurt the recovery.

Ontario's economy needs families earning incomes that allow them to invest in homes and appliances, in cars and in post-secondary education. The right budgetary strategy will support decent incomes by discontinuing wage freezes, by adjusting labour legislation to restore card check union certification and anti-scab legislation, and by restoring social assistance rates. These are key components of an anti-poverty lens on the provincial budget.

Every study shows that workers who are able to unionize are able to achieve better standards of living. That's ultimately better for the economy, and it's why card check certification for all workers should form an important part of the 2011 budget.

There are real fiscal costs to government for ignoring poverty. The federal and Ontario governments are losing

at least \$10.4 billion, some say as much as \$13.1 billion, a year due to the costs of poverty, a loss equal to somewhere between 10% and 16% of the provincial budget. This economic reality, combined with social justice principles, dictates that this budget should fully restore social assistance levels to at least the bare subsistence level they were at prior to huge cuts in 1995.

Rounding out the big picture of threats are international trade deals that impinge upon Ontario's right to use its own economic levers to improve our economy. Today, CETA, the Comprehensive Economic and Trade Agreement that Canada is negotiating with the European Union, will soon see provincial offers tabled with the EU. In particular, we worry about CETA's impact on EU access to procurement at the provincial and municipal levels and for the broader public sector. We must protect procurement as a key economic lever, available to communities for local economic development. We need the right to decide to support local job creation and capacity-building. CETA will tie the hands of locally elected politicians in decision-making. Local priorities will not be reflected in local procurement contracts, and communities will suffer. That's why the 2011 budget is the right place for Ontario to make it clear that they won't sign trade agreements that compromise our ability to use all of the economic levers we have at our avail.

Investments in social and physical infrastructure are the best way to create jobs and to grow the economy. They are the best way to build a better Ontario. I want to leave you with just a few of the many examples that we have detailed in our written submission of what this could mean in different sectors.

A better Ontario is about implementing the early learning program as it was originally meant to be implemented. For every \$1 million spent on child care by government, 40 jobs are created, and the economy reaps more than \$2 million in GDP growth. Contrast that with \$1 million worth of corporate tax cuts: less than five jobs are created, and a meagre \$250,000 worth of GDP growth is the result. The better investment for Ontario is clear.

A better Ontario is about protecting quality health care in our hospitals and ancillary health facilities. As the Ontario Health Coalition notes, on a per capita basis, health care spending in Ontario is the second-lowest in all of Canada. A better Ontario is where health care budgets increase to meet the needs of our communities.

Making things worse, privatization through P3 financing models eats away at resources, wasting millions of dollars in the case of P3 hospitals alone that could be directed to patient care. A better Ontario is one where the government stops P3 financing.

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A better Ontario is about prioritizing the next generation today by freezing post-secondary tuition fees. The Canadian Federation of Students shows that investing in post-secondary education brings real economic returns. According to the 2001 census, the median employment income in Ontario was \$25,052, but for those with a

bachelor degree it was \$39,000, offering approximately a 56% return.

Not only CUPE believes in publicly provided university tuition. Even the US state of Georgia introduced free tuition for those students achieving a B-plus or better.

The Chair (Mr. Pat Hoy): You have about a minute left for your presentation.

Mr. Fred Hahn: I'll wrap it up. I took a little longer than I'd thought. I appreciate that.

There are other investments that we would encourage you to read in our presentation, but I really want to reiterate that we believe that there are two competing budget strategies, either investing to create jobs or making cuts to programs, services and staffing. The government does not have a spending problem; it has a revenue problem. We would urge the government to commit to a path of investing. We think that, coupled with the right corporate tax rate, will ensure that the fragile recovery continues and that we have the resources we need to build a better province.

The Chair (Mr. Pat Hoy): Thank you. We'll go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you, Mr. Hahn, for your presentation this afternoon. First of all, I think it's fairly clear that your organization does not agree with corporate tax cuts.

Mr. Fred Hahn: That's fair to say.

Mr. Norm Miller: Okay, good. In last year's budget, the finance minister made a request for a two-year wage freeze. Do you think this is a reasonable request?

Mr. Fred Hahn: We believe it does nothing to help the economy. In fact, economic figures demonstrate that. One of the big thrusts of our brief is that you'll see that the best way to help the economy is to make sure that people actually have money to spend in their local economies—at the local gas station, the grocery store. That does nothing to help the economy, we believe.

Mr. Norm Miller: In your brief, you state towards the end of it: "Ontario faces two clear and competing budget strategies: invest to create jobs or make cuts to programs, services and staffing that all Ontarians need. Any attempt to please everyone by straddling both paths will fail."

Do you feel that this is what the government is trying to do, go down two paths at the same time?

Mr. Fred Hahn: There are clearly different voices in the province that call for different strategic directions. There are those who call for spending cuts as a way to deal with deficits, there are those who call for investment, and there are those who say that maybe you can do both, maybe you can balance.

What we're trying to say clearly in our brief is that we believe the only path is one of investment. That is the most expedient way, in our view, to use the levers of government to assist the economy and ultimately the people of the province of Ontario.

Mr. Norm Miller: Thank you very much. I have no further questions.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

RETAIL COUNCIL OF CANADA

The Chair (Mr. Pat Hoy): Now I'd ask the Retail Council of Canada to come forward, please. Good afternoon. You have 10 minutes for your presentation. The questioning will come from Mr. Tabuns of the NDP in this case. Just simply state your name before you begin, and you can do just that.

Mr. Gary Rygus: Good afternoon. My name is Gary Rygus. I'm the director of government relations for the Retail Council of Canada. On behalf of Retail Council members operating across the province of Ontario, thank you for the opportunity to appear before the committee today.

The Retail Council of Canada has been the voice of retail since 1963. We have members who operate more than 43,000 storefronts nationally, 16,000 of which are in Ontario. We represent an industry that touches the daily lives of most people in the province. Our members represent all retail formats: department stores, specialty, discount and independent stores, and online merchants. While we do represent large, mass retailers, a significant number of our members are, in fact, small, independent merchants.

As an employer, retail is number two in Ontario, with more than 806,000 jobs, generating over \$150 billion in sales. Retailers invested over \$2 billion in Ontario in 2010 and will continue to invest in the province.

According to Statistics Canada, sales were up year-to-date 4.9% as of November, as compared to being down 3.5% in a similar period in the previous year. The 2010 year-end sales will be up about 5% to 6%. Ontario is in the bottom third of provinces, along with Saskatchewan, and Newfoundland and Labrador. Retailers hope to generate sales in the 3% to 5% range for 2011.

The average wage for full-time sales staff is about \$16.70 per hour.

Consumer debt remains at an all-time high and this will have an effect on disposable income and discretionary purchasing going forward. According to a recent Nielsen survey, Canadians remain cautious when it comes to opening up their wallets. More than half of Canadians surveyed feel the country is still in recession despite the fact the economic downturn officially ended in October 2009. This creates challenges for retailers. In addition, the global financial crunch continues to make it tough to forecast future sales, especially with slowly recovering economies in many countries.

Faced with these challenging circumstances and a turbulent economy, the government must focus on improving the conditions for economic development. The government must foster a positive job-creating environment.

The Retail Council supports the leadership Ontario has shown with the adoption of the HST as part of its tax reform package. The government should continue the

changes that were introduced in the 2009 budget, which includes reducing corporate income taxes. Stay the course.

However, more needs to be done for controlling business costs. We offer a few recommendations.

First of all, Ontario must freeze its minimum wage level at the current \$10.25, as it leads the nation. Businesses have faced an over 26% increase in the last three years in minimum wage. Even with a year for no adjustment, Ontario will continue to be in the top tier for minimum wage in Canada. In addition, Ontario should establish a third party group to review and recommend adjustments to the minimum wage. During these difficult economic times, the government must create an environment that supports job creation. Minimum wage increases do not create jobs. The increases cause retailers to shift from full-time jobs to part-time positions and to reduce part-time hours.

The government needs to find additional ways to reduce taxes and charges, and support job creation. As a support to small business, the Retail Council recommends raising the employer health tax exemption threshold from \$400,000 to \$1 million. At its current level, Ontario is uncompetitive with other provinces that have payroll-type taxes. To further support hiring of full-time staff, the government should provide a one-year employer health tax holiday for employers.

Creating a funding review process for the WSIB is a positive step towards establishing a framework for placing it in a long-term sustainable position. The Retail Council supports a balanced approach to this review that includes examining all aspects of WSIB operation, not just the employer premium side of the equation. RCC looks forward to participating in the Arthurs review.

As a payroll charge, raising WSIB premiums for 2011-12, in some cases by almost 20% depending on the rate category, is not supportive of hiring additional staff. At a minimum, the WSIB increases should be capped at a reasonable level of 5% to allow businesses to plan for such changes. The Retail Council recommends that the government take a second look at these increases.

As well, RCC recommends the government work with other provinces to harmonize product stewardship programs. We remind the government that retailers must be permitted flexibility to show environmental levies separately on sales receipts. This approach is consistent with the approach used under the HST and allows for consumer education to take place.

Fast-track the Open for Business initiative. Change the way government creates legislation. Adopt a business lens focus when creating legislation by asking the question, "Does this legislation add economic value?" Quantify the changes, and contain sunset provisions for legislation. Adopting this approach will require a significant adjustment in government policy development.

Now is the time to take up the challenge to create jobs.

On behalf of the Retail Council of Canada, I thank you for your time. I remind you, with the pending storm that's coming in, that it's less than 340 days until Christmas. The Retail Council asks that you please remember

to shop each and every day at your local retailer. The jobs you support and save may be those of friends and family. The Ontario economy will thank you.

Ms. Leeanna Pendergast: You're the first man that's ever said, "I want you to shop." Wonderful. Oh, sorry, Chair. I'm out of order, but I can't help it.

The Chair (Mr. Pat Hoy): Thank you. You've concluded your remarks?

Mr. Gary Rygus: Yes.

The Chair (Mr. Pat Hoy): Okay. Now we'll go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Mr. Rygus, thanks very much for coming in today, and thanks for preparing this brief.

You represent people who run big box outlets as well as those who have storefronts on main streets all over this province. Is there a diversion in their interests these days? Certainly, if I run a small store on a main street in my riding, dealing with big box retailers poses very substantial problems. Do you have to address those issues within your organization?

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Mr. Gary Rygus: It's a very good question. I think that all retailers share similar goals. Job creation is one of those goals. Being able to offer goods and services at reasonable, competitive prices would be another, and the ability to open and operate when consumers want. These are all common challenges that retailers face. I don't know that it's any different for one company versus another, size being irrelevant. Some of them can handle it perhaps better than others when it comes to, for example, government regulation.

Mr. Peter Tabuns: When the convenience store operators were in here earlier today, one of their concerns was dealing with rising energy costs, particularly because they provide goods and services at peak times to the public. Can you tell us if this poses a challenge to your members?

Mr. Gary Rygus: Another very good question. I think it's natural that retailers have store offers that perhaps conflict with the time-of-use piece. What we're forced to do is to become a bit more energy-efficient in the way we heat and air condition our buildings and in the type of lighting that we use. But a lot of that depends on capital budgets. So it's a challenge that retailers are working through.

Mr. Peter Tabuns: Sorry, let's go back to that for a moment: It "depends on capital budgets." Do most of your retail members own the buildings within which they operate?

Mr. Gary Rygus: No.

Mr. Peter Tabuns: So in most cases, then, for them to make a capital investment, it would be on a leasehold property that they may well be leaving within five years or 10 years. It's hard for them to recover that capital investment.

Mr. Gary Rygus: In some cases, yes.

Mr. Peter Tabuns: Okay. So when you say that they've taken steps to improve their energy efficiency, can you tell us what kind of steps are most common?

Mr. Gary Rygus: Other than the ones that I've mentioned to you, nothing comes to the top of my mind. Perhaps I can get back to you after the meeting.

Mr. Peter Tabuns: Okay. In fact, if you could provide that information to the clerk to circulate to us, that would be very useful.

Mr. Gary Rygus: Okay.

Mr. Peter Tabuns: I don't have further questions at this time, Mr. Chair. Thank you.

The Chair (Mr. Pat Hoy): Thank you for your submission.

CANADIAN PARAPLEGIC ASSOCIATION ONTARIO

The Chair (Mr. Pat Hoy): We'll have the Canadian Paraplegic Association Ontario next. You have 10 minutes for your presentation. The questioning will come from the government, in this case. I just ask you to state your names for the purposes of our recording Hansard. We have a fellow over here who controls the microphones for you. Go ahead.

Mr. Peter Athanasopoulos: Thank you for the opportunity to address the committee today. My name is Peter Athanasopoulos, and I'm here representing the Canadian Paraplegic Association Ontario. I'm here as well with my colleague Audrey King, who is a retired psychologist from the Holland Bloorview centre and also one of the co-founders of Citizens for Independence in Living and Breathing. Also, my colleague here today is Miriam Turnbull, who's representing the College of Respiratory Therapists of Ontario. Thank you for the opportunity to speak today.

We're here to further discuss a plan to develop a province-wide, evidence-based respiratory support program in Ontario. We've had the opportunity to work with our partners, to speak with the committee across the province. We're proposing a plan to develop a community-based program that will save the government money and eliminate blockings of ICU beds in hospitals.

We'd like to have a discussion today and talk about some cost savings, and doing that in a more effective way with more quality-assured service.

Before we get into the cost modelling, I'd like to bring it over to my colleague Audrey, who can give you some personal experience around the benefits of living as a ventilator user in the community.

Ms. Audrey King: I guess I'm here showing you what can be done when you use a ventilator.

I myself had polio when I was about nine years old. I was totally disabled, in an iron lung—which is probably the first kind of ventilation—for two months, and I was in the hospital for about two years. Over the 60 years since, I've used every kind of ventilation, including 24/7 ventilation with a tracheostomy, which I had for about two years.

When I came home after two years, I came back to my family. I was able to get on with school after about a six-year period due to accessibility problems and so on. I

graduated from high school, went to university, got my master's degree in psychology and did an all-but-dissertation Ph.D. As Peter said, I worked for 30 years at what is now called Holland Bloorview.

When I began working, there was no Wheel-Trans, there were no curb cuts, and there was not much acceptance of people with disabilities. So I very soon got into advocacy issues, and you see the benefits of that around Wheel-Trans and so on. I then got very involved in quite a number of other advocacy issues. For example, I'm one of the co-origins of some of the personal support programs that the province of Ontario offers. First, we developed supportive housing, then we went on into the outreach, and now we have direct funding, which is of particular benefit for many ventilator users.

I also got involved in establishing Citizens for Independence in Living and Breathing. The goal of our group was to educate people—people using ventilators, family members and professionals. We held three or four conferences where people came from coast to coast. We were involved in quite a few government committees and government responses, such as the Regulated Health Professions Act.

In addition to that, I've been involved in speaking internationally on ventilator issues and on disability issues in general. About four years ago I was in Japan, for example, speaking in three different cities about the programs for disabled people and so on in Ontario.

Peter mentioned that I'm now retired. I am retired, but I am not exactly on the shelf. I'm still involved in many issues. For one thing, my 99-year-old mother lives with me. She is pretty well totally helpless now; she has dementia and is pretty well bedridden. It feels very much like a full-time job, managing her caregivers and the things that she needs, medical appointments and so on, because of course I have to do it through other people. I have learned even more about advocacy now, and this is where I'm at.

If we look back, if people are given opportunities to live in the community, in the long run we can generate programs which save a lot of money and which enable people to have a much better quality of life by living and contributing in the community, not only as a volunteer but paying taxes.

Mr. Peter Athanopoulos: With the right services and supports, we can inspire multiple success stories like Audrey's: to live in the community independently. With an immediate investment of \$14.8 million a year, we can bring 50 more people home who are currently in hospital today. Currently, you are spending \$52 million a year to have these individuals live in hospital. We are proposing that we can do that in a more effective way, at a higher quality of service, with an investment of \$14.8 million.

1500

In June 2010, a report was completed by action force Ontario in which a demonstration occurred where 30 people who were living in hospital were sent home through this demonstration project and saved the government approximately \$20 million. We'd like to continue

the work through this program, and we'd like to work with the government to bring more cost savings and a higher quality of service in Ontario.

I brought with us today Miriam Turnbull, who is a respiratory therapist by profession and, as well, one of the key players in this demonstration project, who can share some examples of how successful this program was in bringing 30 people home from living in hospital.

Ms. Miriam Turnbull: I'll keep it very brief. Thank you for this opportunity.

We used a very simple approach. We took home 30 individuals ranging in age from babies to seniors—77 was our eldest gentleman. Client-centred and inter-professional collaboration using current infrastructure: That's how we did it. It sounds way too simple, I know, but the inter-professional team had a common goal: to get these people from ICU to home. We used the current infrastructure of agencies that staff nurses and personal support workers, the community respiratory provider employs the community RTs, and we used the hospital staff to start that training journey while the patient was in the ICU.

That same individual rolled from ICU out, got on a TransCare and went to their home with an RT in that vehicle with them. Then the community RT team took on further training of that care team at the bedside, one-on-one, avoided folklore and made sure that each staff person working with the individual not only heard the information but could demonstrate a competency in what they were doing.

That's as simple as it was. The 24/7 support piece, we offered, again, on a client-centred basis. Where the individual was extremely stable and required little nursing care, it was a personal support worker or an attendant care individual; where they needed more nursing, nursing was involved to the level that nursing was needed. Then the RT piece was primarily a trainer to train them to do the RT role when the RT wasn't there and offered 24/7 support, primarily by telephone.

In that model, we were able to maximize the dollars spent by using the right people in a very grassroots, if you will, model of care. We managed risk and safety in all instances, and all of those people continue to reside in the community, without incident, with the exception of four whom we took home in a more palliative state and offered them the opportunity to die with dignity at home. Thank you.

The Chair (Mr. Pat Hoy): You have about a minute left, if you have any other comment.

Mr. Peter Athanopoulos: We can open the floor for questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Peter, Audrey and Miriam, for being here today. Thank you for your advocacy on behalf of the Canadian Paraplegic Association Ontario. Audrey, thank you for your work with Citizens for Independence in Living and Breathing and for your story today; Miriam, for what you do for

respiratory therapists; and, Peter, of course, for the organized approach that you've taken to this. You get the homework star, today, though, because of the letter that you brought. I wanted to take some time to look at the letter and say that we heard from the Association for Persons with Physical Disabilities in Windsor. We heard about an outreach strategy that was being requested and the amount of dollars that that kind of program or strategy could save.

And the letter, in your homework that you've done to present to us today—I'd like to just discuss that for a moment. In Thunder Bay, again, we heard from the Canadian Paraplegic Association, requesting support for respirators, for respiratory outreach programs—so, a consistent request, and again in Ottawa.

What I hear from you consistently is that this is dollars saved for the government, and a finance committee really loves that approach. There is an ask here, but when you look at the ask compared to the dollars saved, it is quite remarkable. I thank you for the information you're providing.

I just wanted to look at page 1 of the letter. I don't know if you want to speak to it or if you want me to speak to it, just to go over the establishing of this Ontario-wide program, as you call it, moving 50 more people in Ontario who require support out of an ICU bed into their homes and then, as Audrey has pointed out, all the other positive ramifications of being in the home. If you wouldn't mind just going over those numbers, I think it's worth reiterating for the committee and for Hansard.

Mr. Peter Athanasopoulos: Absolutely. Utilizing the report funded by action force Ontario optimizing respiratory support therapies—

Ms. Miriam Turnbull: It's HealthForceOntario.

Mr. Peter Athanasopoulos: HealthForceOntario—my apologies—we were able to take an average of what the cost per day was for a person who required the highest level of service versus the lowest level of service. The highest level of service ranged from \$1,200 a day versus as low as \$136 a day. Taking that average and those different levels of needs that those people had, we took an average of \$808 a day versus the amount it would cost in an ICU hospital bed, which is approximately \$3,000 a day, and in a community hospital around \$2,200 a day.

Without the right community supports, these people are stuck in that hospital. They're there for years. We can provide numerous stories where we've had people at Sunnybrook, where we've had people at Toronto East General living three, four, sometimes five years in these hospital settings because there are no supports to live in the community.

We've demonstrated that we're able to do that now through this demonstration project. We're proposing through this analysis that we can do it effectively, and we want to put a team together, get it right and bring these people home.

I don't know what more specifics you would like me to describe with the numbers. We can provide you costs

per day. We're offering 24/7 services, and we know those numbers. We brought a report here today that can spell it out for you.

Ms. Leeanna Pendergast: That's excellent. I think my colleague MPP Albanese has a question around location and how that works in terms of hospitals.

The Chair (Mr. Pat Hoy): You have about 90 seconds.

Mrs. Laura Albanese: Okay, I'll be brief. Thank you for sharing your story. I commend all the work you've done, especially in advocacy. I understand also you're a caregiver for your mom right now. It's fascinating.

I had a couple of questions. I'll sum them up really quickly. First, what would be the first steps in the building of this community base? Would it have to be near a hospital or near a setting where these people are now being taken care of? Second, do we have enough respiratory therapists? Those are the two main questions that I would ask.

Mr. Peter Athanasopoulos: I will answer the first question. I will turn it over to Miriam for the second question.

The first question: We're in constant communication with the experts in Ontario who have the ability to provide direction and recommendation to developing a provincial respiratory outreach program. We would like to work with our experts on developing the operationalization of that, using that report as a guide to be able to develop it.

There's more work to be done in terms of how we can create a model system that's the best system in the country to develop a program. We know we have the experts in the field to develop this in Ontario, and we want to utilize their expertise and bring the information into the community. That's the first part. The second part, I think Miriam would answer better.

Ms. Miriam Turnbull: There are enough RTs. First of all, community respiratory providers employ RTs who are not utilizing all their competencies and could expand to care for this group of people. As well, there are RTs looking for work in Ontario at this point in time. We expanded the program to add Conestoga College just recently, so we have more RTs than the demand at this point, which is a nice spot to be in.

Mrs. Laura Albanese: That's great. Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

ONTARIO PORK

The Chair (Mr. Pat Hoy): Now I ask Ontario Pork to come forward, please. Good afternoon. You have 10 minutes for your presentation. The questioning will come from the official opposition, in this case. I'd just ask you to state your names for our recording Hansard, and then you can begin.

1510

Ms. Wilma Jeffray: My name is Wilma Jeffray. I'm chair of Ontario Pork.

Mr. Patrick O'Neil: I'm Patrick O'Neil, staff at Ontario Pork.

Ms. Wilma Jeffray: As a background, I farm hogs, cattle, grains and oilseeds in Bruce County. I am chair of Ontario Pork, which is the marketing board that represents the pork producers of the province.

As you are aware, Ontario Pork's beef and hog farmers have come together to partner with the provincial and federal governments to establish a price risk insurance program modelled on the successful grains and oilseeds program. Funding and launching the risk management program for hogs in the current year, 2011, is our number one priority. This is what I want to talk about today, and I welcome any questions you might have in the discussion period.

Over 80,000 Ontarians make their living on farms and more than 700,000 Ontarians work in the agri-food industry, including over 82,000 in food processing, 130,000 in food manufacturing, 171,000 in retail and 321,000 in food service. Every one of these 700,000 jobs flows out of the goods produced by primary agriculture.

Sales from market hogs alone were over \$660 million in 2010. Beyond the jobs created on-farm, Ontario's hog producers support several key industries, including feed mills, nutrition companies, farm equipment and construction companies, veterinarians, pharmaceutical suppliers, genetics and breeding companies, transporters, live animal processors, further processors, wholesalers, exporters and the rest of the food industry.

The point, quite simply, is that our industry's impact is felt throughout the provincial economy, especially among our suppliers in rural Ontario. The recent downturn in our industry has already led to underutilizing our rural infrastructure. At least one feed mill has shut down completely; there have been massive layoffs at the Burlington processing plant; transport companies have closed or been sold; and veterinarians have merged practices, with many having had to switch to pet care. Every time a supplier or a customer downsizes or goes out of business, our rural economy suffers and our industry loses valuable infrastructure.

Ontario's hog sector has been devastated in recent years as losses have mounted due to a series of shocks outside of the industry's control. A rapidly strengthening Canadian dollar, surging feed prices, trade barriers such as US country-of-origin labelling and the effects of H1N1 have compounded to cause the hog industry to shrink at an unnatural level.

The hog industry is cyclical and producers are used to managing losses. Producer profits in 2000 and 2001 helped to offset losses in 2002 and 2003, but the latest string of losses is both unprecedented and historic.

As you can see in figure 1, which is on the next page, losses in the industry have extended from 2006 to 2010, the longest sustained period of losses ever recorded. Cumulative losses to hog producers over that time reached nearly \$600 million, approximately equal to the value of all of last year's production. Surging feed prices mean that the picture for 2011 still remains uncertain.

Ontario producers are not helped by the fact that producers in other provinces have received far more government support during this crisis. A simple look at the provincial share of government expenditure on agriculture demonstrates the unlevel playing field the industry is facing.

In 2008-09, only 34.6% of total government expenditure on agriculture in Ontario came from the provincial government. This compares to levels of 60% in Alberta and 67% in Quebec.

Figure 2, which is on the next page, shows that Ontario's productive sow herd, represented by the blue line, has fallen by more than 20% since 2007 as producers have reacted to the sea of red ink. During the same period, Quebec's sow herd declined by a mere 6.5%. Now Ontario processors face stiff competition from imported meat from Quebec, while facing ever greater difficulty finding live animals to run their plants. The difference is stark, especially when considering the many natural advantages that Ontario's better soil and warmer climate provide.

Ontario has a long history as a major exporter of live animals and pork products. If the current trends are left unchecked, Ontario now risks becoming reliant on imports at a time when consumers are asking for locally produced food. In 2010, imports of pork into Canada will set a new record, with more than 180,000 tonnes coming into the country, primarily from the United States.

Even in the face of these challenges, though, our industry continues to innovate. Recently, the industry has focused on getting large retailers to source Ontario pork instead of US. Costco recently has begun sourcing Canadian product in Ontario stores using the Pork Marketing Canada label. An experimental exhaust filtration system on barns to halt the spread of disease is another way our industry is continuing to innovate despite the rough times.

In the face of the challenges facing the industry, Ontario Pork developed our program proposal in close consultation with our members. Through county meetings, our annual meeting and three intense policy days, members discussed the problem and various potential solutions. The final policy day meeting on September 17, 2010, featured an in-depth discussion with overwhelming support from the delegate body.

In November, an hour-long telephone town hall was held where we dialled our entire membership, revealing that 85% of producers would participate in the program and nearly 80% of producers were willing to help support and lobby for the program. Feedback from our membership makes it clear that effectively launching the program is the number one priority of our members.

Governments do provide support to agriculture, and for that we are thankful. The Ontario government provided ad hoc funding to partially offset 2007 losses, and the federal-provincial AgriStability program has provided some help to the industry. We are also thankful for Minister Mitchell's work providing access to OMAFRA staff and promoting the need for predictable and bankable farm programs.

Unfortunately, AgriStability has some significant shortcomings. It provides unequal support to diversified farmers who grow multiple commodities, and once a downturn in profitability stretches over two years, AgriStability is not designed to offer meaningful support.

We believe we have a solution: a price insurance program based on the successful risk management program for grains and oilseeds. The program would cover 100% of the difference between the support price and the industry average market price for all who participate. This would guard against the extreme fluctuations and costs, giving producers time to adjust.

I'd like to explain a few of the features of the program. First, the program is a complement to the current AgriStability federal-provincial program. Producers must be enrolled in both programs and would receive the higher of AgriStability or the RMP. Participation in both programs is voluntary.

Second, the program will be funded by producer premiums as well as government contributions—initially by the provincial government and then hopefully by the federal government. We are actively lobbying the federal government to participate.

Producer premiums will be set at 30% of the additional costs associated with long-term program payouts, making the program fiscally sound and responsible. At the 30% premium level, substantial market discipline would continue to exist and govern producer actions. Producers would have every incentive to keep costs under control, run efficient operations, manage production volumes wisely and innovate.

Our implementation plan calls for a transition into the full insurance program to start in 2011. This transition period would allow farmers and the ministry staff to prepare to meet their full program obligations. Ontario Pork has modelled the program. In 2009, the year with the worst losses in the last decade, the provincial share of the program would have paid out approximately \$70 million to producers.

Ontario Pork has worked closely with other commodity groups through partnerships such as the Ontario Agriculture Sustainability Coalition, or OASC for short. The coalition includes commodity groups representing grains and oilseeds, horticulture, and livestock, as well as general farm organizations like the Christian Farmers and the Ontario Federation of Agriculture—basically, it's all of non-supply-managed agriculture.

In the fall, Ontario Pork and the Ontario Cattlemen's Association announced plans to formally work together to build on OASC's accomplishments.

In conclusion, the program, as I say, is urgently needed. It's the number one priority of local producers. It is affordable and will remove the need for future ad hoc payments. It will stabilize the second-largest industry in the province, allowing it to continue to innovate and add value. And its benefits will be felt immediately throughout the entire economy, especially in rural Ontario.

I'd like to thank you all for the opportunity of presenting. If you have questions of any sort, I'd be happy to have them.

The Chair (Mr. Pat Hoy): Very good. The questioning will go to Mr. Arnott.

1520

Mr. Ted Arnott: Thank you very much for coming here today to make this presentation to the Standing Committee on Finance and Economic Affairs. I think it's so vitally urgent that the issues you've brought forward this afternoon are heard by all of us, especially the government members, who are in a position, hopefully, to advocate for the pork producers in the province of Ontario.

For my part, as the MPP for Wellington-Halton Hills, I had a chance to attend the annual general meeting of the Wellington County Cattlemen's Association on Saturday, January 15, and on Thursday, January 27, I had the privilege of attending the Wellington County Pork Producers' annual general meeting. I know that we're looking forward to hearing from the Ontario Cattlemen's Association. Their brief, I'm sure, will have a lot of similarity to the points that you've made.

I'm sure there will be questions from other parties, but the way we're doing it, we're going in rotation, so it is our turn to respond to what you've said. For my part, again, I would restate what I've said at these two meetings in my riding. I'm in total support of the government bringing forward the risk management program that you have been advocating for some months and years now. It was the Minister of Agriculture and Food who actually challenged farm and commodity organizations to come forward with a proposal. You've done your homework; you've brought it forward to the government.

I realize that the federal government has yet to make a commitment and I would certainly add my voice to your request to the federal government to make a commitment, as you've said. Certainly, there is a realistic and practical suggestion that you've brought forward to encourage the provincial government to get started and to take the producer contribution and take the traditional contribution that the provincial government would normally make—40% of the total cost of the program from senior levels of government—and get started and get it rolling and then put further pressure on the federal government. So thank you very much for your presentation.

The question that I have is based on something that I heard at the Wellington pork producers' meeting. Mike Petkovic, who is the current president of our association, indicated the number of pork producers who have actually left the industry in the last three or four years in Wellington county. Do you have any data as to how many pork producers have actually left the industry across the province in the four years since we've seen these losses? I ask that question, again, as a way of showing the government how important this is and how serious the situation is without immediate action on their part.

Mr. Patrick O'Neil: In fact, our numbers of producers have been in decline for several years. It is due to two factors. One is that our farms are always trying to innovate and become more efficient and put as many

animals through the farm as are environmentally sustainable. We've seen a very substantial downturn. I don't have the immediate numbers to compare from 2005 to today. I can tell you that over the last year, we lost over 300 producers. More than 10% of producers left the industry only in the last year. Again, the volume of sows in the province—productive industry—since 2007 has fallen by more than 20%.

We've seen an extreme impact on the number of producers leaving, the number of businesses and the amount of product being produced. So it is severe. We're reacting. In fact, the federal government had a program that started about two years ago. It was a nationwide program to help producers get out of the business. Ontario, unfortunately, used that program disproportionately. The producers in Ontario are exiting far beyond the rates of the rest of the country.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Patrick O'Neil: Thank you very much.

PTP ADULT LEARNING AND EMPLOYMENT PROGRAMS

The Chair (Mr. Pat Hoy): Now I ask PTP Adult Learning and Employment Programs to come forward. Good afternoon. You have 10 minutes for your presentation. In this round, the NDP will ask the questions. I'd just ask you to state your name for our recording Hansard, and then you can begin.

Ms. Barbara McFater: Okay. My name is Barbara McFater.

Ms. Claudia Abello: My name is Claudia Abello.

Ms. Barbara McFater: I'm the executive director of PTP Adult Learning and Employment Programs in Toronto. I'm also the chair of the board for Community Literacy of Ontario, a network of 105 community-based agencies across Ontario. On behalf of both organizations, I thank you for the opportunity to present today.

In 2009, the Ontario government invested an additional \$90 million over two years, \$45 million each year, to expand literacy and essential skills training for up to 13,000 additional learners. PTP would like to thank the provincial government for this important and significant government investment and for the opportunities it has provided.

I know that today you've heard from a few other people on this matter, the Ontario Literacy Coalition and a couple of networks. So I'm going to take the opportunity to speak from PTP's perspective, tell you a little bit about us, our history, the work that we do and the risks that we face if this funding doesn't continue.

PTP began as a project in 1992 under the Metro Toronto Movement for Literacy. At that time, the provincial government invested in literacy programs to meet the needs of thousands of laid-off workers during a critical period of labour adjustment, something similar to what's happening now. In 1998, PTP was incorporated

and became the largest community-based not-for-profit literacy agency in the country.

As the 1990s came to an end, our client base shifted from approximately 85% EI recipients to approximately 85% receiving Ontario Works benefits. At that time, there was a need for programming to shift as well. PTP chose to move away from the more traditional model of literacy—academic upgrading—to what we now refer to as workforce literacy. We have spent the last 12 years designing and developing workforce curriculum, assessment tools and resources to support workforce preparation. We've trained and worked with hundreds of programs across Ontario, the Arctic and Canada sharing our tools, resources and expertise. We're now considered a leader in workforce literacy programming in the country.

At PTP, many who enter our programs face multiple barriers to employment. For example, most have limited access to higher education and training. Many are sole-support parents. Most are living below the poverty line. Many lack a high school diploma. Some have learning disabilities. Many face health and wellness issues. Some have been involved in the justice system and faced incarceration. Some live in substandard housing. Some have struggled to overcome addictions or substance abuse. Often, these are linked with literacy.

Over the years, we've expanded programs and services to meet the needs of our clients. We partnered with Seneca College to deliver academic upgrading. We now offer a pre-employment development program with support from Toronto Employment and Social Services. With MTCU support, we expanded our job search activities and now offer a full suite of employment services.

PTP programs and literacy programs in the province have always been cost-effective. Since 1998, PTP has been contracted to deliver LBS programming to 510 participants for 125,000 contact hours each year: total funding, \$1,034,300; average cost per participant, \$2,028. Most participants stay, on average, for eight months; some longer, depending on their literacy levels and learning goals.

Since 2006, in partnership with Seneca College, PTP has been contracted to deliver academic upgrading to 40 participants and 6,000 contact hours each year. This is for part-time, teacher-led classes. Total funding for operations is \$163,000; average cost per participant, \$4,075. Over the last year, we were assigned to deliver to 26 more learners, at an average cost of \$2,374.

I would like to share with you what PTP has accomplished over the past two years with this additional investment. We expanded literacy and basic skills programs, meeting the needs of an additional 226 learners. In partnership with Seneca College, we expanded our evening hours for academic upgrading to include four new subjects for students pursuing post-secondary—chemistry, biology, computer training and GED preparation—in addition to English and math; at the end of December 2010, 78% of exited learners had moved on to training and education. We provided itinerant academic

upgrading services to women coming out of abusive situations and who are participating in WoodGreen's Homeward Bound program, a program that supports participants through college and a life of self-sufficiency.

We also delivered two sessions that we designed and delivered of an innovative new pre-culinary program offered in partnership with George Brown and FoodShare. Students described their participation in this program as transformative. We expect about 70% of these students to apply to academic upgrading/further education and about 25% to do a job search. That's what we would be facing losing the funding for.

There is a strong need for PTP to sustain the current level of programming to meet the needs of Ontarians looking to upgrade their skills. Literacy and academic upgrading programs are an integral part of the Employment Ontario network of programs and services. We underpin and strengthen the Employment Ontario system by supporting people in reaching their literacy and academic upgrading goals en route to employment, further training and education. Those of us offering programs are well positioned to work within this system to work together with our community partners, employers and employment and social service agencies to engage in local labour market planning and initiatives. We feel this would not be a good time to limit our capacity to serve Ontarians.

1530

Why invest in adult literacy? Because it's an investment in people. There are both social and economic benefits of improving the literacy levels of adults. At PTP, we take a broad view of literacy and work toward holistic outcomes that take the whole person into consideration. It is an important part of the work that we do. Our work is socially valuable and leads people towards economic self-sufficiency. It provides people with the skills needed to access further training, education and employment. It encourages more labour market participation and civic engagement. Literacy gains and skills development, combined with an increase in confidence, add up to hope for the future.

It is difficult to speak in terms of purely economic benefits when considering investing in people. However, the reality is the following: People who improve their literacy skills and move on to jobs are less likely to depend on the government for assistance. People who improve their literacy skills and become employed contribute to the economy by being part of the labour force.

It turns out in the end that what's good for the economy is also good for many individuals. This is often what people want when they enter literacy programs: to be self-sufficient and to contribute to society; to be part of the labour force; to have better skills and a decent, secure job with a liveable wage; and to have self-respect and dignity.

We truly hope that the current level of funding continues. Why? Literacy programs are cost-effective and efficient and contribute to the social and economic betterment of people who participate. The new invest-

ment comes after 10 years of being flatlined. PTP has not received an investment in our program since 1998. This investment needs to be sustained in order for us to continue at our current capacity. We are stronger now and better positioned to support the work of the Employment Ontario network of programs and services, and the demand for training remains strong.

If the current investment ends on March 31, 2011, as we have been told, PTP will be returning to a 1998 level of funding and, perhaps, along with others, will be closing classes and delivering fewer hours of instruction. Students will be displaced and there will be nowhere to send them. There will be limited access for those seeking help to upgrade their skills. In summary, there will be a significant shrinking of literacy programs across Ontario, the closing of classes, the laying off of staff, the end of partnerships we have all worked hard to develop to better serve our learners and, finally, a weakened Employment Ontario network.

In order for this not to happen, and on behalf of PTP and all literacy programs in Ontario, I respectfully request that the two-year enhanced funding continue at the current level of investment and be converted into permanent, core funding.

In the end, it's always hard to measure impact. What is the impact we're having on participants? We have hundreds of success stories. But today, in closing, I just want to read to you one piece that was written by one of our students who just graduated from our LBS pre-culinary program last week. This program will be ending without continued funding.

We don't need to know Tyrone's entire back story; we only know that he has one. He came into the program on social assistance, found respect, encouragement, and support—all in an innovative, nurturing learning environment. Tyrone's next steps will be to enter the Daily Bread Food Bank's pre-culinary training program. This will be followed by job placement and, hopefully, a full-time job. Tyrone wrote this piece to express the impact the program had on him:

"Never again

"Will I go to a football game where the teams both display unsportsmanlike conduct

"Never again

"Will I drink Ballantine's rye alcohol

"Never again

"Shall I walk in the deep valleys of the shadow of death

"Never again

"Do I wish to see all the poor starving children in the world go without food

"Never again

"Shall there be any domestic violence, gang-style shootings and wars between other countries

"Never again

"Shall mankind destroy the precious planet we call earth

"Never again

"Shall I go to prison."

Thank you for your time today and for giving me this opportunity to present.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Barbara, Claudia, thank you very much for coming today and making that presentation.

When you talk about your client base, as I understand it, your agency serves people across the city and the literacy network serves people right across this province. Is that correct?

Ms. Barbara McFater: Yes.

Mr. Peter Tabuns: And most of your clients now are people who are unemployed, on Ontario Works, who are looking to develop the skills so they can actually work.

Ms. Barbara McFater: Yes.

Mr. Peter Tabuns: Are they successful at doing that? Are they able to go on from your programs to actually secure and hold a job?

Ms. Barbara McFater: Yes, they can. We have a 70% success rate, and the reason we do is because we've spent the years developing other programs to support this client group. We have pre-employment development programs for those who aren't quite ready to come into the literacy, their academic upgrading. We're really fortunate to have been given funding last year—these are the programs that Claudia oversees—to deliver the full suite of employment services under Employment Ontario, which is a wonderful system. We have an opportunity to do job searches with clients, to do job matching, to do job development, to do job coaching. We really have all the systems in place to ensure that people move on to employment, because that's what they want.

Mr. Peter Tabuns: So in fact, if we reduce or eliminate these programs, we are going to reduce the number of people who are able to leave the OW system and actually stand on their own feet?

Ms. Barbara McFater: Exactly. And we do have clients who are on unemployment insurance, as well, and some on ODSP. Again, I think that the investment—it's really cheap; I hate to be crude. But the amount of money that we spend—I was just listening on the way in. They're going to spend \$5 million tomorrow to clean the city. It was like, "Wow." That sort of gives me an idea of what the government has to face: \$5 million to clean up a snowstorm. For \$1 million a year, the impact we have on adults and their lives, to improve them towards leading a better future, is incredible.

Mr. Peter Tabuns: The people who come to you, have they gone through school and simply never completed? How is it that they come to you without having literacy skills?

Ms. Barbara McFater: Literacy: It's a range of problems. Often, people struggled in school, dropped out of high school. Then you have single mums who had babies early; young men with learning disabilities, a lack of skills, who end up in the justice system. People are often poor and haven't had good educational experiences. We also deal with a lot of adults who come from overseas. Often, when you see the hot spots in the world, we end

up with people in our programs who are refugee claimants and struggling to find their way here and haven't had literacy in their home countries. So it's a wide range.

Mr. Peter Tabuns: Okay. I don't have further questions, but thank you so much for coming in.

Ms. Barbara McFater: Thank you very much for allowing us to present today.

The Chair (Mr. Pat Hoy): Thank you.

ONTARIO CATTLEMEN'S ASSOCIATION

The Chair (Mr. Pat Hoy): Now I ask the Ontario Cattlemen's Association to come forward. Good afternoon. As you've witnessed, you have 10 minutes for your presentation. The questioning this time will come from the government. I'd just ask you to state your names for our recording Hansard, and then you can begin.

Mr. Richard Horne: Good afternoon. My name is Richard Horne. I'm a staff member with the Ontario Cattlemen's Association.

Mr. Curtis Royal: Curtis Royal, president of the Ontario Cattlemen's Association.

Mr. David Stewart: David Stewart, executive director of the Ontario Cattlemen's Association.

Mr. Curtis Royal: Good afternoon. As I stated, my name is Curtis Royal. Along with my wife, Dianne, I own and operate Royal Farms in Simcoe County, a feedlot and crop producing enterprise. This year, it is my privilege to be the elected president of the Ontario Cattlemen's Association, which speaks for 19,000 beef farmers in Ontario.

As you are aware, Ontario's beef and pork farmers have come together to partner with the provincial and federal governments to establish a price risk insurance program. Establishing a cattle price risk insurance program for our producers in the current year, 2011, is our number one priority. This is what I want to talk about today.

Beef production, including cow/calf producers, feedlot operators and the service sector firms that support us, is integral to Ontario's economic success, especially in rural Ontario. Ontario's beef industry has recently been measured to contribute \$938 million to Canadian GDP, with over 13,000 direct jobs. This number can be doubled when meat processing, value-added food manufacturing and food service jobs are included. These are significant numbers on a provincial scale, but the industry's contribution is particularly important in Ontario's rural agricultural heartland.

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However, this vital industry, producing needed, high-quality, locally produced food, is in decline in Ontario. We want and need to partner with the provincial and federal governments to turn this situation around.

Since 2003, Ontario's productive beef cow herd has declined 18.4%, while the productive sow herd has declined over 20% since 2007. When the numbers come in, we expect further retrenchment for 2010.

We are very concerned that further comparable cuts in production would threaten the viability of Ontario's world-class value-added meat processing sector. Without a primary source of supply, these value-added industries will not be sustainable and will move elsewhere.

These declines are the result of several factors, including border closures owing to BSE and H1N1 and historically high feed and other input costs. The decline has also brought increased competition from imports.

Cumulative losses for beef sectors over the past three years have been pegged at over \$300 million.

US beef imports to Canada are on the rise, increasing by more than 50% from pre-BSE levels. These imports are targeted to Canada's most important market—Ontario. Imports from the US alone have increased over fivefold, from 21,500 tonnes in 2004 to 121,000 tonnes in 2009, a level that, if produced locally, would have supported 2,221 additional jobs in Ontario.

Added to this are the threats coming from competing jurisdictions from within Canada. The government of Alberta has increased its direct provincial funding support to its beef industry. Quebec's support to its beef industry through its ASRA program has ensured that, as Ontario's industry declines, its producers survive. As a result, the ability of Ontario's consumers to buy locally produced food is eroding, along with the jobs that beef production supports throughout the value chain.

In response to the state of their industry and understanding that solutions needed to be found before the next crisis hit, farm groups from across Ontario were encouraged to come together to discuss their options and find a common solution. We would like to thank our Minister of Agriculture, Food, and Rural Affairs, the Honourable Carol Mitchell, for recognizing that farmers need stable, predictable and bankable programs which help reduce our business risk. We also want to thank all of the MPPs who have given their time to listen to their local farmers promoting this program and have offered their support and words of encouragement.

The OCA's advisory council reviewed the options, and we also undertook unprecedented consultations with our members to develop an insurance program tailored to their industry, drawing on the lessons learned from the recently extended grains and oilseeds program. As a result of these consultations through county meetings and town halls, including an hour-long telephone town hall held to involve the entire membership, our producers have endorsed the program and told us that establishing this program in 2011 is their number one priority. The program would protect producers against fluctuations in both price and cost of production and would see insurance premiums paid by farmers to government, thereby allowing all partners to share in and limit their future risks.

While the current federal-provincial AgriStability program has been valuable to local farmers in managing risks to their profit margins in the short term, the program does not sufficiently protect against issues that affect markets over the longer term. As we have discussed,

since 2003, beef producers have had declining and mostly negative margins, making them ineligible for support under AgriStability. Many, if not most, livestock producers in Ontario are now ineligible for the very program that was supposed to assist and stabilize the industry. We are in a peculiar situation where producers most in need of financial assistance now can't get it.

It must be kept in mind that the forces that have caused this situation are totally out of our control. Beef producers were hit with BSE-induced border closures in 2003, a year which was supposed to be our peak earning year. Given the subsequent feed hikes, input cost increases, currency appreciation and other uncontrollable shocks to the market, beef producers have not been able to recover.

We believe that the cattle price risk insurance program is the answer and fills a gap in the suite of agriculture programs available to livestock producers.

I now want to review the primary features of the program.

First, the program is a complement to the current AgriStability federal-provincial program. Producers must be enrolled in both programs and would receive the higher of the AgriStability or RMP program. Participation in both programs is voluntary.

Second, the program will be funded by producer premiums as well as government contributions, initially by the provincial government and then, hopefully, by the federal government. We are actively lobbying the federal government to participate.

There would be sub-programs for the three areas of our business: cow/calf operations, backgrounding and feedlot operators. Producer premiums will be set at 30% of long-term program payouts, making the program fiscally sound and responsible. At the 30% premium level, substantial market discipline would continue to exist and govern producers' actions. Producers would have every incentive to keep costs under control, run efficient operations, manage production volumes wisely, and innovate.

The program would be fair to all producers no matter their size. The program would cover 100% of the difference between the support price and the market price for all who participate. The support price would be recalculated annually by OCA and OMAFRA, based on a pre-agreed formula.

Finally, while the program is not mandatory, those who participate must accept mandatory industry-wide production practices. These mandatory practices will move the industry forward and would include requirements for producers to attend verified beef workshops, ensure cow and calf vaccination, traceability and premise ID standards, and other requirements. An audit program would be put in place to ensure that producers remain compliant with these mandatory standards or risk becoming ineligible to participate.

The program is also fiscally responsible for the government and taxpayer. First, producers will be contributing 30% of the cost. Implementing the program

would eliminate the need for most forms of ad hoc crisis funding in the future, such as the OCHHP program in 2007. It would also save both levels of government payments toward AgriStability in years when there were payments from the new price risk insurance program.

Our implementation plan calls for a transition to a full insurance program to start in 2011. This transition period would allow farmers and ministry staff to prepare to meet their full program obligations.

We also believe that this risk insurance program provides benefits not only to producers but to the public as well. First, as I mentioned, the program assures Ontarians that their beef producers are meeting the highest standards of production. It would help the industry turn the corner and reverse its decline. The viability of local food production in Ontario is overwhelmingly endorsed by consumers and it would maintain their ability to secure locally produced beef. Any payouts made would be almost entirely spent in rural areas and would add to rural GDP and direct job creation, helping to grow the rural and provincial tax base.

In conclusion, this insurance program would reduce or eliminate the need for ad hoc government support for both the pork and beef industries in the future and provide a platform to strengthen the agriculture and agri-food industries as a major provincial economic engine for Ontario. The program would help sustain the rural economy of Ontario in the long term, particularly in communities that still rely on a strong food and agribusiness industry and a healthy farm sector. The program is affordable and would capitalize on the growing consumer demand for locally grown, safe, environmentally responsible food.

Thank you, and I would welcome any questions.

The Chair (Mr. Pat Hoy): The questions will come from the government side. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Curtis, for that presentation, and thank you for all the work that you do as president of the Ontario Cattlemen's Association. And thank you, Richard and David, for being here as well.

I'm just going to jump around in your document and ask a couple of questions, if you don't mind—probably more points of clarification than questions.

I want to start by thanking you for your comments about the Minister of Agriculture, Food and Rural Affairs. Of course, Carol Mitchell, the honourable minister, gets it. The member from Huron-Bruce is committed to this. We heard Wilma and Patrick from Ontario Pork. I see in your very helpful brochure, actually—somewhat glossy but very helpful brochure—that it's a concerted effort, that you're working together. It's beefporkrmp.ca; that's just a little plug for you. Of course, my riding of Kitchener—Conestoga is largely rural as well, so there are a lot of farmers there.

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My first question was about the cattle price risk insurance program as part of the AgriStability program, but you actually answered that for me, Curtis, on page 5: that it's a complement to that federal program. So I jump to

the brochure and see that you're recommending a 60-40 federal-provincial split that the province kick-start: that the province "act immediately to kick-start and fund their share of the program." I guess my natural question would be, what happens, then, if the feds don't come to the table? Where does that leave the industry?

Mr. Curtis Royal: Well, we're actively lobbying to get both levels of government there. We certainly hope that the province is going to come forward here very soon, but we're still going to keep actively lobbying the federal government to participate and make this a fully funded program. That is our main goal. I guess, at the start, we will have to start off with a 40% program, but we're certainly going to keep absolutely lobbying the federal government to make this a fully funded program.

Ms. Leeanna Pendergast: So is the program designed in stages, then, when you say it will be a 40% program versus a 100% program?

Mr. Curtis Royal: Well, I guess if the province is the only one that comes on to start it, to get it going here for us, all we'll have is the 40% share of the province. But we certainly would like them to come on stream right now, and we could start up a complete, 100% fully funded program.

Ms. Leeanna Pendergast: Because, ironically, you say on page 6 that it's to eliminate the need for ad hoc funding.

Mr. Curtis Royal: Yes.

Ms. Leeanna Pendergast: Okay. On page 7, you talk about local food production, the viability and the ability to secure locally produced beef. In my riding, we have Foodlink. I did a resolution in the House, the buy local, eat fresh—that whole idea of working together in the agri-food industry.

You talk about the program being affordable and capitalizing on growing consumer demand for locally grown, safe food. Are there any unforeseen costs in this that we might not see upfront?

Mr. David Stewart: We aren't aware of any unforeseen costs. I mean, we've talked to the people from OMAFRA and the minister's office about this extensively, and we believe that they have a very good handle on what we're looking for.

Ms. Leeanna Pendergast: We love to hear that as a finance committee, that you've had the discussions, that what you see is what you get, that this is the ask and there are no other unforeseen costs to this. Excellent. Thank you very much for your time.

Richard, you know, I wasn't going to say, but I can't help myself, being the teacher that I am: Do you get teased about your last name?

Mr. Richard Horne: I actually thought you were going to make a comment about my face.

Ms. Leeanna Pendergast: No, I'm resisting on the black eye, the shiner, yes.

Mr. Richard Horne: I learned to deal with it. You have to have a thick skin.

Ms. Leeanna Pendergast: It's not connected to the shiner, right?

Mr. Richard Horne: No.

Ms. Leeanna Pendergast: Thank you for your presentation.

Mr. Richard Horne: Thanks so much, Leeanna.

The Chair (Mr. Pat Hoy): Thank you for the presentation.

LIFELABS MEDICAL LABORATORY SERVICES

The Chair (Mr. Pat Hoy): I'd ask LifeLabs Medical Laboratory Services to come forward, please. As you've seen, you have up to 10 minutes for your presentation. The questioning will come from the official opposition, in this case. Just state your names for our recording Hansard, and you can begin.

Ms. Monette Greenway: Hi. My name's Monette Greenway, vice-president of business development and Ontario government relations for LifeLabs.

Ms. April Gamache: And April Gamache, vice-president, operations, LifeLabs.

Ms. Monette Greenway: Thank you for the opportunity to speak with you today. We're pleased to be here on behalf of LifeLabs Medical Laboratory Services to participate in the standing committee's 2011 pre-budget consultations. Before we offer the committee—and, through it, the Ontario government—our recommendations for the 2011 budget, I'd like to give you some background on LifeLabs.

LifeLabs is Canada's largest provider of community laboratory testing services and a vital member of a patient's extended health care team. If you see your physician, he will often give you a form to take to a patient service centre nearby to have your blood sample taken and analyzed; that might be us. We provide medical laboratory testing to patients under the OHIP plan—tests spanning from cholesterol and glucose to cancer markers—that help in the prevention, diagnosis, monitoring and treatment of illness and disease.

Lab results, it is estimated, constitute about 70% of a patient's medical record; furthermore, up to 80% of clinical treatment decisions are based on the results from laboratory tests. In short, the work we do is crucial to improving patient outcomes and ensuring the effective working of the health care system.

In Ontario, LifeLabs employs approximately 2,000 people and operates more than 120 specimen collection centres and 10 testing labs located in all regions of the province. In addition, we perform more than 550,000 visits to patients each year in their home, long-term-care facility or retirement residence through our mobile lab service. In total, we serve the medical lab testing needs of more than one third of Ontarians. Of this, greater than 50% of our patients are served in rural Ontario communities.

LifeLabs is proud to be a founding member of the provincial colon cancer check program and the Ontario Laboratories Information System, which is a precursor to a full patient eHealth record.

As mentioned, our services are paid for by the provincial government under OHIP. Total funding for all community medical laboratory services in Ontario will be approximately \$655 million in 2010-11, which is less than 2% of total health care expenditures in the province. To put this in perspective, we deliver exceptional value, processing about the same test volume as hospital labs, but at 35% lower cost to the system. The current OHIP funding agreement for community lab services expires in March this year.

Regarding the 2011 budget, LifeLabs supports the government's fiscal and health care policy priorities which aim to create jobs, reduce the deficit and maintain strong public services for its residents, including a health care system that is driven by high quality and accessibility for everyone, regardless of where they live in the province.

We're also acutely aware of the fiscal challenges currently facing the government, which, if not addressed, threaten its ability to meet these priorities. As the policy area comprising the largest portion of the provincial budget, the health care sector must take a leadership role in ensuring that government program spending is efficient and effective in delivering results.

At the same time, LifeLabs and the community lab sector in Ontario is facing challenges of its own, including increasing demand pressures, inflation and wage pressures. Annual patient volume growth has averaged about 10% over each of the past three years, where provincial government-capped funding rose by less than 2% annually during this time. Underfunding the provision of our services by this magnitude is completely unsustainable over the long term.

Moreover, our sector has been negatively affected by the implementation of the HST on July 1 of last year, representing an effective 2% cut in funding. While we support the government's decision to modernize the tax system and believe that, in the long term, it will lead to new investment in Ontario for many sectors, the community lab sector, as a private sector provider of publicly funded services, is not among them.

Therefore, as the government prepares the 2011 budget, LifeLabs urges it to consider taking the following actions: enhance the role of community labs in the healthcare network to deliver more value; and develop a solution to the HST challenge currently confronting our sector.

Let me speak first to the enhancement of the role community labs play in the health care system to deliver value. Despite this sector's central role in the Ontario health care system, which is hard to overstate, community labs are often overlooked in the public policy-making process. The result is a diminishing opportunity to realize the full potential across the health care system. This could be addressed by involving community labs more actively in the planning process. Some examples of what I mean can be found in the following areas.

I'll focus first on hospital outpatient lab closures. Over the past two years, 35 Ontario public hospitals have,

without notice, transferred outpatient—non-urgent—lab testing services to Ontario's community lab sector. This is the equivalent of almost \$25 million in gross OHIP billings. LifeLabs has absorbed hospital outpatient closures in the GTA, Thunder Bay, Sault Ste. Marie, Hamilton, Midland and many more. Closures have amounted to almost 50,000 patients per month who used to use hospital labs for routine testing services now coming to community labs. While we agree that the community is the proper place for these patients to access medical lab testing services, funding for these services has not followed the patient. By not being involved in these decisions, our ability to ensure that these patients are well serviced is compromised.

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I'll now speak about inappropriate utilization and chronic disease management. Inappropriate test utilization—that is, the overprescribing of some tests and the underutilization of others—is a key source of cost and clinical inefficiency in the community lab system. There is work currently taking place on a tripartite basis involving our sector, the OMA and the ministry to address issues related to overprescribing. LifeLabs supports this work; however, we believe that more can and must be done on the other side—that is, on the underutilization of certain tests—so that the government's objectives, particularly in the area of chronic disease management, can be achieved.

Diabetes is a good example, where relatively cheap preventive testing programs can save nearly \$5 billion in follow-on costs from untreated disease. This committee heard staggering numbers from the Canadian Diabetes Association last week: By 2020, nearly 27% of the population of Ontario will be living with diabetes or pre-diabetes. According to current trends, many of these people will not access the medical lab testing services they require to keep healthy. The result will be tragic patient outcomes and explosive health system costs. We have already proposed a program to help the government avoid this. Effective implementation of preventive screening and monitoring could save an estimated \$4.7 billion over 10 years. We're still keen to partner with the government on this initiative.

I'll now talk about supporting patient access to community lab services in rural and northern Ontario. Earlier this month, the government released the report of the rural and northern health care panel and is now seeking public input on its recommendations. This initiative is of great interest to us. LifeLabs has the largest geographic footprint of all community medical lab service providers in Ontario. We're providing services to nearly 70% of all rural areas—25% more than the next provider. In northern Ontario, for example, we operate 11 patient service centres and two testing laboratories, offering all patients the same state-of-the-art testing technology, regardless of where they live. We're proud to offer such coverage and believe that we are well positioned to help the Ontario government address the unique challenges associated with delivering health care services in rural, remote and northern communities.

By enhancing the roles of community labs in the health care system, the value delivered on these issues and many more significantly increases. Specifically, we believe we can deliver greater value by working with government.

As evidenced through the migration of hospital test volumes to labs, the health care system already recognizes that for non-urgent lab testing, community labs provide excellent value. LifeLabs supports this trend but asks that funding follows the patient, as legislated in the Excellent Care for All Act.

We want to work with government to target appropriate utilization to ensure maximum benefit of our services and to deliver improved patient outcomes and health system cost savings. This applies particularly in the area of chronic disease management, like diabetes.

Turning to the development of a solution to the HST challenge that currently confronts our sector, the recently implemented tax harmonization—HST—in Ontario will cost LifeLabs \$3.8 million annually in new taxes to operate. The impact on our company and sector is felt through the application of HST to such items as testing materials, and medical supplies and equipment. Given that we provide public health care services, the costs of which cannot be passed on to patients, our company bears the full weight of these additional costs.

While the provincial government has taken steps to ensure that hospitals and other public medical facilities would not be affected by the tax harmonization plan, it has so far not addressed the issues facing our sector. We believe that the government can strengthen community-based publicly funded lab services by treating our sector equally with the province's hospitals. At a minimum, the provincial government should support a change to federal GST legislation.

In conclusion, LifeLabs is a crucial part of Ontario's health care system. We provide patients and physicians with access to the vital medical lab information needed to make key health care decisions. We have a significant geographic footprint in Ontario, with operations located in many underserved areas of the province.

However, as the government prepares the 2011 budget and we approach the end of the current OHIP funding agreement for publicly insured medical lab services, we ask it to consider doing the following: enhance the role of community labs in the health care network to deliver more value; and develop a solution to the HST challenge currently confronting our sector.

LifeLabs' history of delivering high-quality, accessible lab services for nearly 40 years shows that we can be an effective partner in delivering results.

Thank you for your time. We'd be pleased to answer any questions.

The Chair (Mr. Pat Hoy): The questioning will go to Mr. Miller of the official opposition.

Mr. Norm Miller: Thank you for your presentation. I guess I'll start with a little bit about LifeLabs. You employ 2,000 people; you have 120 centres. Does your

geographic footprint cover pretty much the whole province, or is it concentrated?

Ms. Monette Greenway: We cover 92% of the population of Ontario and 70% of the geographic footprint.

Mr. Norm Miller: What is the 30% you're missing, then—where there are people, at least?

Ms. Monette Greenway: Again, 92% of the population is covered. We can provide you more information about exactly where, from a geographic—

Mr. Norm Miller: You're in northern Ontario?

Ms. Monette Greenway: Correct.

Mr. Norm Miller: Great. You were talking about the financial challenges that you're facing and the funding that's not keeping pace with it. We certainly heard from other groups about things like energy bills and WSIB as being cost pressures, and I think you stated wages and inflation as well. Are the energy and WSIB costs that you're facing increasing significantly as well?

Ms. Monette Greenway: Those would factor into the overall wages and consumer price index costs, so yes, they would be a natural contributor to that cost increase.

Mr. Norm Miller: Does all of your funding come from the government? I think you said that you received a 2% funding increase. Was I correct on that?

Ms. Monette Greenway: Yes. The vast majority of our funding comes from the government; about 95% of our funding comes from the government.

Mr. Norm Miller: The other 5%: Is that paid by people using the services?

Ms. Monette Greenway: That's correct: businesses, insurance companies and so on.

Mr. Norm Miller: Okay. One of your points was the negative effect of the HST. You're not able, through input tax credits, to recapture monies you spend on HST, so that the hit for you is—I think you said 2% or \$3.8 million. Is that correct?

Ms. Monette Greenway: Correct.

Mr. Norm Miller: So that's quite significant. How do you make up that hit?

Ms. Monette Greenway: We're not really able to make up that hit. It's something that is borne as a cost to our process. We feel that, because we are serving in a similar fashion the same base as hospitals, we should be treated in a similar way with regard to the HST.

Mr. Norm Miller: Okay. And you talk about hospital outpatient lab services closing, and that you aren't part of the process. Does this mean that the LHIN, the local health integration network, doesn't involve you in discussions about coverage when they make a decision to close a hospital lab? Is that what you're saying?

Ms. Monette Greenway: As we're suggesting, we want to be a stronger part of the public policy planning process. We would like to have the opportunity to be more proactively engaged in those LHIN discussions, for example, so that we can offer enhanced value as they're considering the changes they need to make on a regional basis.

Mr. Norm Miller: Otherwise, they close a lab at a hospital, and you hear about it in the news and decide

you'd better be staffing up to cover the extra demand that's coming your way?

Ms. Monette Greenway: Yes. We try to reconcile it. We know that volume will be coming our way: How can we best address that? We've certainly been taking steps to enhance the process of our patient service centres, the workflow in the patient service centres and investing in certain areas to make sure that we enlarge them so we can serve a larger volume.

Mr. Norm Miller: You talked about the over-prescribing of some tests and underutilization of others. I didn't quite follow that. Could you explain that to me?

Ms. Monette Greenway: Sure. A recent example would be vitamin D, where, through media—Oprah—there is commentary about vitamin D benefits, so there are requests through physicians to get vitamin D levels tested. We saw a 2,500% increase in volume of vitamin D testing—very significant. Fortunately, this is an example where we were able to work with the ministry and have that addressed. Vitamin D testing is available; however, it's supported by OHIP only in certain areas.

There are other examples of testing that is over-prescribed and where we could take costs out of the system. That's the overutilization.

Then, what we call underutilization: For example, in diabetes, there are specific tests that are indicators of pre-diabetes that are not being used frequently enough. That comes back to the chronic disease management program, where, again, through a process where we identify diabetes patients and remind them of the need for their ongoing testing regimen, even if 70% of diabetes patients controlled their blood sugar levels, it would reduce thousands of hospitalizations and surgeries. That all adds up.

Mr. Norm Miller: Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Monette Greenway: Thank you very much for the opportunity.

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SOCIAL PLANNING TORONTO

The Chair (Mr. Pat Hoy): Now I ask Social Planning Toronto to come forward, please. Good afternoon. You have 10 minutes for your presentation. The questioning this time will come from the NDP. I just ask you to state your name for our recording Hansard, and then you can begin.

Mr. Winston Tinglin: Winston Tinglin, Social Planning Toronto, and with me is the vice-chair of the board, Tam Goossen. We'll share the presentation.

The Chair (Mr. Pat Hoy): Very good. This gentleman will control the mike for you.

Ms. Tam Goossen: That's great. Thank you for the opportunity to make the presentation.

Social Planning Toronto is an independent, non-profit organization, whose work links community-based research with community action. As a city-wide research

and community-planning resource to the community as a whole and to a broad range of organizations and groups, we work to enhance the quality of life of all Toronto residents.

We have a membership of nearly 200 agencies that includes a wide cross-section of the non-profit community that provides a broad range of prevention and support services to adults, youth, children and families in this city. Social Planning Toronto has community planners that are based in Scarborough, Etobicoke, York and parts of North York, areas that have seen rapid social and economic changes over the past 10 to 15 years and face many challenges today.

We believe the provincial budget process at the end of the day is all about setting priorities for the kind of province we want to live in. In our view, decisions about the budget should be made looking through a lens that asks whether any changes move us closer to a more livable, thriving and healthy Ontario, a vision that we fully share, or if they take us further away from that goal.

Mr. Winston Tinglin: In this submission, we want to focus on initiatives that will promote economic recovery while advancing the provincial government's commitment on poverty reduction. We recognize that the government is under pressure to exert fiscal restraint, which is often interpreted to mean cuts to programs and services. But we urge the province to keep in mind the age-old caution never to be penny wise and pound foolish—to chart a course, instead, towards a long-term vision of an Ontario that is a livable, thriving and healthy place for all.

With our unemployment rate at 8.1%, we are still far from our pre-recession level of 6.5% and far from achieving the goals set by the poverty reduction strategy. Basically, we're saying this evening that now is the time for bold government action. Continued investment in the economy during this time of tenuous recovery we see as essential.

We want to focus on three areas in particular—three particular areas of investment. They are normally seen as weights or burdens on the province, but actually, we come from a different perspective: We see them as investments in the infrastructure of the province that really bring huge benefits. The areas we've cited for attention are housing, community services and education. We feel that, in the long run, investments in these areas lead to better health for all Ontarians and ultimately lower health costs. We see this as an essential part of any successful strategy to build a living, thriving and healthy Ontario.

I want to start by talking very quickly about housing. When the provincial government released its long-term affordable housing strategy last November, we were pleased with many of the ideas, including consolidating housing and homelessness programs for easier navigation of the system and allowing rent-geared-to-income tenants extra leeway in declaring income changes. However, it's clear there is something missing, namely—surprise, surprise—money.

There are still over 140,000 Ontarians waiting for affordable housing, and over 75,000 in Toronto alone. What's now needed most is funding for a new affordable housing supply. Investing dollars in affordable housing will create both short-term and long-term jobs, foster stable and inclusive communities and, at the same time, effectively advance achievements under the poverty reduction strategy.

We have a number of recommendations we'd like to leave with you, one being expansion of the long-term affordable housing strategy to incorporate funding for 8,000 to 10,000 new, affordable units per year over the next decade; and extending funding for the affordable housing program for another three years, maintaining the current level of funding.

We also think action should be taken to provide funding for maintenance and repairs of Ontario's existing affordable housing stock to deal with an enormous backlog. Right now, TCH estimates that the repair backlog is about \$200 million plus.

We also recommend introducing a universal housing benefit provided monthly to all low-income Ontarians, whether they are on social assistance or not, to help address the gap between tenant incomes and housing costs.

I want to go on to talk about community services and community infrastructure. In July 2010, Social Planning Toronto, along with the Social Planning Network of Ontario, published the results of a survey. It was called A Recovery-Free Zone, which followed up on a previous survey in 2009, which we called Hard Hit, looking at the impact of the recession on the infrastructure of non-profit service agencies right across the province.

Agencies reported dramatic increases in food bank and meal program use, more demand on employment services and job training programs, increased use of bankruptcy and credit counselling services, and impacts on the health services, mental health counselling and suicide and crisis intervention programs. Everything just went up in demand. In fact, service providers today are dealing with more crisis situations and people with more complex problems requiring specialized support. At the same time, paradoxically, we have a situation where the agencies, with this mounting demand and heightened pressures, are dealing with falling revenues, increasing layoffs and reduced staffing, and having to make do right across the board. In fact, as someone put it, the sector as a whole is actually in a recession that hasn't ended yet and has no signs of ending right now.

The Chair (Mr. Pat Hoy): They're asking me if you could back up just a little bit from the microphone.

Mr. Winston Tinglin: Sorry.

The Chair (Mr. Pat Hoy): You have a very strong voice and it carries well.

Mr. Winston Tinglin: Thank you.

There's a palpable sense of being under siege. The wider implications of these developments are not too hard to discern.

Is that better?

The Chair (Mr. Pat Hoy): Yes.

Mr. Winston Tinglin: Thank you.

A social service and community infrastructure that is seriously battered and almost breaking at its seams; That's the situation facing us.

We are recommending that the government address this issue through at least two steps: first of all, making budget investments to maintain the effectiveness and viability of programs and services provided through this network and infrastructure that forms that base that the community relies on; and secondly, extending stimulus funding to establish a job creation program geared to the needs of the not-for-profit sector that, in effect, enhances opportunities for individuals desirous of working in the sector, but also increasing the stability within the sector in terms of labour support and the staffing it needs that helps it to be more effective in planning and delivering the programs and services needed by Ontarians.

We also feel that this is the time to initiate discussions with key community service agency stakeholders to identify reforms and investments that will ultimately shore up the capacity of the sector to sustain and strengthen their respective communities.

We'd like to put in a word as well in support of a campaign that the Social Planning Network of Ontario and a wide range of organizations have been working on over the last several months, and that's what we call the Put Food in the Budget campaign. Basically, what we're asking for is that, pending the results of the social assistance review and the panel's recommendations—which we hope will, in effect, make recommendations that result in rates that reflect the actual cost of living—the provincial government adopt as an interim measure an initiative of introducing a \$100 food supplement for all adults living on social assistance. That's a \$100 food supplement on a monthly basis. This is a recommendation we really feel is more than needed. Some immediate action needs to be taken on it, and what better opportunity than in this budget?

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We further recommend that the province immediately reinstate the special diet allowance for social assistance recipients on Ontario Works and the Ontario disability support program.

Now Tam is going to talk about some changes we would like to see in education and some developments we think are progressive there.

Ms. Tam Goossen: First of all, it's about the early years. We applaud the provincial government for delivering on their plan to implement full-day kindergarten for children four to five years of age, as recommended by Charles Pascal in his report, *With Our Best Future in Mind*. We're expecting that this report, which recommends an integrated and seamless day plan for early and middle childhood care and learning, will be fully implemented, as it represents a progressive vision for a highly educated and productive Ontario.

As we celebrate the implementation of this new kindergarten program, we would ask that the province, in

a systems approach, also plan for impacts on the stability of child care programs for children zero to three years, on planned school closures and on community use of schools programming.

Now the middle years: The Pascal report also recommends that there should be after-school programs led by staff knowledgeable about the developmental needs of children from six to 12 years, guided by current best practices in programming. However, we in the Middle Childhood Matters Coalition found only a small number of full-week after-school programs available to middle years children relative to the population of children six to 12 in Toronto.

We recommend that the provincial government make investments in programming to ensure the continuous care of children six to 12 years of age, as recommended in the Pascal report. Furthermore, given the localized and increasing rates of poverty—one in six children in Ontario still live in poverty, as you all know—we recommend that an equity lens be mandated to the plan; also, that the province create a new equity in education grant with targeted and protected funding, which would be used solely for providing programs to mitigate social and economic disadvantages affecting students.

Now about school space: The provincial government has made important strides in facilitating the opening of school space for children, youth and the broader community through the community use of schools program, helping to make schools the heart of the community while making neighbourhoods safer and more welcoming. This effort must be continued. In order to meet the promise of investing \$66 million annually in the community use of schools program by 2012 from the current rate of approximately \$32 million, we recommend that a continual increase over the next two years be added to the current budget and that all funds be protected to ensure accountability.

We applaud the provincial government's decision to consult with school boards about developing guidelines around student activity fees, fundraising and corporate partnerships. We also commend the government for its commitment to conduct a review of the education funding formula. A change of course is urgently needed.

Poverty impacts our students' learning opportunities and leads to inequitable outcomes. Currently, families are required to subsidize public education through the payment of course and student activity fees and student council fundraising. Many Ontario families are suffering in this time of economic hardship and cannot afford to cover these costs. Corporate partnerships are not the solution as they, too, lead to inequitable opportunities across the system.

Our provincial government is responsible for health and welfare and the provision of equal education for all children across this province. Social Planning Toronto, therefore, recommends that the province move forward with its promise for a broad and inclusive public review of the funding formula and reinvest in the opportunities and outcomes of all our students, including the most

vulnerable, ensuring that all our schools can equally deliver quality education for all our children.

Thank you very much for the opportunity.

The Chair (Mr. Pat Hoy): Thank you. Now Mr. Tabuns will have the questions.

Mr. Peter Tabuns: Winston, Tam, thank you very much for coming out late this day and making a presentation. We appreciate it.

I want to go first to this whole question of the state of the social service network, because I've had agencies come into my office who feel that, through underfunding and through legal requirements they have to meet, they are close to the breaking point. In writing your report, you talk about the stress that the agencies are facing. Can you enlarge a bit more or even give us some concrete examples—you don't have to name an agency—but a sense of what actually is happening to those agencies delivering those services?

Mr. Winston Tinglin: One of the most significant things is that to run these agencies, you need core funding. That's hard to come by. Basically, the funding formulas used by most funders, including the province itself, don't recognize some of these core, central supports that an effective or efficient agency, or one that does want to run its business well, needs to have in order to do that, so they are constantly paring back, doing a lot of make-dos and so on and so forth. As a result, planning for the long term is so hard to do under those circumstances because, typically, the agency is running from project to project to project and losing staff.

Staff retention is a huge problem that people talk about. For the kind of work that they do, they need qualified staff, but they just can't retain them. They get them, it becomes a little training ground, and in the next moment, the staffer is off somewhere else. They can't retain their staff. Those are just two concrete ways in which it helps.

With the increase in demand, it means that you have less assurance of quality of service delivered because you're simply trying to cope all the time. It's a very high stress environment, and from talking to EDs, worker burnout is a big factor. We're making a really hard pitch for, please, can we at least hang onto what we've got and avoid any further erosion of that network? Because it's going to crumble.

Mr. Peter Tabuns: What kind of financial commitment do you need from the provincial government, and what will be the consequences if that commitment is not met?

Mr. Winston Tinglin: Do you want to comment on that?

Ms. Tam Goossen: I want to emphasize the point that, as we all know, Ontario as a whole, but urban centres like Toronto really have been the centre for I would say—what?—half of the immigrants that come to Canada. So that need is real, and as a society, we really have been benefiting from all the contributions that have been made by immigrants. But the settlement service has

been so important, and it's basically done by these agencies.

What we've recently heard as well is, because of the cut by Citizenship and Immigration at the federal level, that is actually going to be a real concern, because actually, what has been announced is only the beginning. That's why it's all the more important that the province really keep its share of responsibility to make sure that the newcomers who come to Ontario, especially to places like Toronto, Ottawa and other centres, are not going to be left behind. We've had horror stories, and we can hear them from our contacts with the staff on the ground. What they have been doing is actually relieving a tremendous social pressure so that society can function. It's a tremendous responsibility.

Talking about staff burnout, don't forget, all of these agencies have voluntary boards. There's a tremendous amount of volunteers who have contributed to these service agencies. There's board burnout.

We also have to think about fundraising for these agencies: Because they don't just rely on government funding, the fundraising part is also very important. In order to have the civil society work well, that actually is a bigger piece, in addition to the staff and to clients, whose needs have risen tremendously without the matching services to help them.

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Mr. Winston Tinglin: Quickly, there are two things that could be done. One is to ensure that the funding formula used reflects actual costs. That's a real concern. Because of the way in which the different funding envelopes are structured, it is hard to have the real program delivery costs accurately reflected. There needs to be some leeway there.

The other thing is to think in terms of what can be done to put the funding on a multi-year basis, as distinct from simply the six-month project or the one-year project, because you're back to square one.

Those are two simple ways in which the province can provide some leadership and support to the sector.

Mr. Peter Tabuns: Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Mr. Winston Tinglin: Thank you very much for this opportunity. We appreciate it.

ONTARIO ROAD BUILDERS' ASSOCIATION

The Chair (Mr. Pat Hoy): Now I ask the Ontario Road Builders' Association to come forward, please. I suspect that when you're finished that's exactly what most of us are going to do: hit the road.

Mr. Rob Bradford: Just enough time left.

The Chair (Mr. Pat Hoy): The committee's not aware of it, but you are our last presentation of the day.

Mr. Norm Miller: What about the Certified Management Accountants?

The Chair (Mr. Pat Hoy): They're not here. They're in Kent.

Mr. Rob Bradford: So that was a hint to move it along, Mr. Chair?

The Chair (Mr. Pat Hoy): You have 10 minutes for your presentation; there are five minutes of questioning, from the government in this case. I ask you to state your names for our recording Hansard.

Mr. Rob Bradford: Thank you, Chairman Hoy, and thanks to the members of the committee for seeing us today.

My name is Rob Bradford. I'm the executive director of the Ontario Road Builders' Association. Joining me today is Karen Renkema, who is our director of government relations.

Just very briefly, a background: Our association represents the majority of contractors in Ontario who build the provincial highways and build and maintain our municipal roads and bridges as well as our transit infrastructure and all nature of heavy civil construction.

We employ about 30,000 people at peak season, and our associate members—who produce the products, equipment and services we need—employ an additional 25,000 workers in a good year. These employment numbers are pertinent to a couple of the remarks we're going to make to you later today.

I'm just going to give you a little bit of background, and then I'm going to leave it to Karen to get into some of the nitty-gritty of what we're recommending, asking, requesting—however you want to phrase it.

Just a few statistics on the economic impact of our industry, and we use here what they call the job model that was developed by the Federal Highway Administration and Boston College: Every time we invest \$1.25 billion in highway construction, we create 19,585 jobs. The dollar value of goods and services produced across all sectors of the economy as a result of that kind of investment is \$6.097 billion, which implies an overall spending multiplier of approximately 4.8.

Our association is like any other trade organization. We've been around since 1927. We advocate for the importance of infrastructure investment. We are strong promoters of health and safety in the workplace. Environment is another one of our key issues. We generally work to make the road-building industry more efficient and more productive.

Today, we're going to focus solely on an issue that we hope isn't going to be forgotten in times of recession and government fiscal constraint, and that's the subject of continued investment in our core infrastructure assets. We're going to talk very briefly about both short-term and long-term investment.

I'd like to begin, though, by recognizing this government's achievements and dedication to infrastructure over the past seven years since we launched ReNew Ontario. I think it's important to touch briefly on that because we have made some demonstrable progress in attacking our infrastructure deficit.

ReNew Ontario—you'll recall that was a five-year plan—provided a five-year plan for investing and a strategy for tackling our ever-increasing infrastructure deficit. ReNew Ontario provided greater certainty to our industry in Ontario by providing a clear and targeted plan for business on where and how investment would take place. A good example of that and a key business tool developed by the government is the Ministry of Transportation's five-year northern and southern highway plans.

Through ReNew Ontario and the ISF funds, investment in transportation infrastructure provided good-paying, skilled and sustainable jobs in our industry. More recently, as a follow-up to the five-year ReNew Ontario plan, we also commend the government for its commitment to the infrastructure stimulus funding.

Although some within both Parliament Hill and Queen's Park circles have been critical of the ISF program, we believe it has absolutely achieved what it set out to do: It created good-paying jobs across Ontario, it spurred further capital investment in plant, equipment and resources in our industry, and it began to address the province's huge infrastructure deficit.

We believe the ISF program was a significant factor in creating the increased employment numbers we've seen over the past six months in our industry as well as making inroads in repairing and building the lifelines for our economy. We figure the ISF funding created or maintained 10,500 jobs in our sector. Those are jobs that didn't exist last year or jobs that would have disappeared with the recession that we hopefully are crawling our way out of.

Though it's stating the obvious, we'd like to recognize that the ISF program is a good example of how both the federal and provincial governments were able to partner in a program that enabled the municipalities to leverage what little money they have and develop some pretty strong infrastructure programs over the last couple of years.

We think taxpayers have received great value for money over the past two years. Although there was a lot of work in our market, it also got very competitive. We had construction contractors from other sectors slipping over to the civil infrastructure side. Because of the increased competition, we've seen tender price indexes declining at a rate of 7% to 10% a year for the past year and a half. That means that construction is a bargain right now.

Finally, I'd like to recognize the work of the Ministry of Transportation, particularly over the past couple of years. With reduced resources themselves, they've delivered a highway program in the neighbourhood of \$2 billion. There had to have been some tremendous effort to get that work on the street and to develop project-ready work for the future.

We encourage the continuous strategic planning investment by the Ministry of Transportation and the Ministry of Infrastructure and, in fact, by the government of Ontario as a whole to ensure that taxpayers' dollars are

spent on the most important and crucial pieces of our public and core infrastructure and that the budget allotted for our highways and bridges continues to be devoted to critical assets.

I had the motherhood part of this presentation. I wanted to give you a little bit of background and tell you that, in the last five to seven years, the infrastructure investment we've seen has been good. There has been progress. It has allowed us to begin attacking our infrastructure deficit. But I'm going to turn it over to Karen now, and she's going to talk to you about some of our recommendations, both over the short and the long term.

Ms. Karen Renkema: Thank you, Rob, and thank you, Mr. Chair and committee members, for having us here today.

As Rob said, he had the easy job. I'm going to focus a little bit more on our most crucial recommendation for the government to consider through pre-budget deliberations. That's actually the short term: what's going to happen over the next couple of years.

I'm not going to make a case for infrastructure investment; Rob did, to a certain extent. It is included in the information that we gave you. In addition to that information, we will be sending the committee clerk some appendices that lay out some of our recommendations in more detail as well.

Today, I'm going to focus on short-term infrastructure. While we applaud the government and Minister Chiarelli for starting and striving to introduce and implement a 10-year infrastructure plan, we are most concerned about the short term. We will be providing the committee clerk with an appendix to the information in front of you which will outline some of our recommendations on the long-term 10-year plan. Some of them include how we can build infrastructure more effectively and affordably. That is of most interest to the government as it grapples with the deficit-cutting measures in this budget.

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Since I mentioned the D-word—deficit—we do want to recognize the challenges that confront the provincial government for the 2011-12 budget cycle and the need to reduce the provincial deficit. However, we must also recognize that we can't take our foot off the gas pedal too quickly. Our economy is still showing signs of vulnerability, specifically on the employment side of the ledger. The ISF program was a success, and we appreciate the extension of the ISF monies. However, that does not mean there is net new money available to the construction sector for 2011-12 and specifically our sector, which is currently very heavily reliant on public sector dollars.

Our members are quite concerned with what 2011-12 will look like. Until a long-term 10-year plan that will address long-term municipal and provincial infrastructure investment can be implemented, we are left with an industry that has ramped up investment in our resources and our employment over the past two to three years. We are told by many of our members that there are not too many projects left in the pipeline at this time.

I spoke a little bit about our heavy reliance on the public dollar, but let me talk a little bit about what Rob spoke to, about the tender price index and what's going on right now on the private sector side of the construction industry. According to the December 2010 labour force survey published by Statistics Canada, employment in construction fell by approximately 27,000 across Canada, the first notable decline since July 2009 after the ISF program was implemented. This data further illustrates the effects of declining investment in the key construction markets, as well as the anecdotal evidence that ORBA is receiving from its members regarding a lack of new investment or projects to sustain current levels of employment in the industry.

Furthermore, it's important to note that the investment in both residential and IC and I construction markets, primarily the public sector, have not yet reached pre-recession levels, further putting stress on construction employment as a whole. Contractors took out approximately \$2 billion worth of building permits in November 2010, which was down 6.8% from October and a decline of 16.3% in comparison to November 2009. The Statistics Canada November 2010 issue of the building permits also notes a sharp drop in the national level. The sharp drop in building permits was the largest in Canada since February 2009.

In short, the private sector is experiencing some pressures. Its declining building permits in comparison to 2009 illustrate our concern about what 2011-12 looks like for the overall construction sector but specifically the engineering portion of the construction sector.

The Chair (Mr. Pat Hoy): You have about a minute left.

Ms. Karen Renkema: Therefore, our recommendation is short-term infrastructure investment. We're not suggesting to the committee or to the government that we need to have an ISF 2 program; we are suggesting that we can't take our foot off the gas pedal too quickly in this situation. We are very concerned about our employment numbers for the coming year. Rob spoke a little bit about the bargain that construction is right now. I think we have a tremendous opportunity to sustain some of the momentum we have had over the past couple of years with investment in some of our critical assets.

Therefore, we suggest that we have an opportunity to look at some of the existing programs that the government has already introduced, such as the northern highways program, interprovincial trade routes, transit-supportive initiatives such as HOV lanes and bus lanes, connecting links, and rural arterials and bridges. Those are already programs that are in place and able to be quickly funded if the government so wished to look at investing in critical and core infrastructure.

We also suggest that, if we move in that direction, the tender calls and the announcements be made very early. We saw that with the infrastructure stimulus fund program—the announcement was made a little bit later in the summer and the money wasn't able to be spent in 2009; we saw 80% of the money spent in 2010. If we

want to keep the momentum going, keep the employment numbers there, we would suggest that those announcements be made very quickly so that tender calls can be implemented within the next three months. Thank you.

The Chair (Mr. Pat Hoy): And thank you. The questioning goes to the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Chair. I've been thanking him for seven days in a row. I think we're getting pretty close to the end.

Thank you both for being here today, Karen and Rob, and thank you for your presentation. It really helped to hear you talk, because when I first looked at the presentation, I saw "Ontario Road Builders' Association" and thought that you wanted roads—which you're saying you do. But I appreciate your look at the whole picture.

We've heard from construction, home builders and manufacturers across the province, and after listening to you today, I really hear that big picture from you as well. I hear consistently from you to continue to invest, short-term and long-term.

When I look at page 5 of your presentation, those are significant numbers that you employ. Contractor members employ at least 30,000 persons and the association members employ 25,000 workers; that's on top of the 30,000, so we're talking about 55,000 workers. These are significant numbers.

I flip to page 8, and the core infrastructure you're talking about—just to clarify, you're saying, "If there is inadequate transportation capacity—roads or transit...." So you're supportive as well of transit initiatives?

Mr. Rob Bradford: Absolutely. We've undergone a change in the last number of years or so. We still call ourselves the road builders' association, but we recognize that transportation infrastructure is really what we've got to bite into—that's roads, buses. It's all the same to us.

Ms. Karen Renkema: Yes. Within the greater Toronto area, of course.

Mr. Rob Bradford: I think that if there's one point that we've tried to make today it's that we've put a lot of people to work over the last year and it has been a great help in getting us out of the recession. We're very worried, without some signs of continuation next year, that those jobs will be in jeopardy. I think that's the bottom-line message to the government.

Ms. Leeanna Pendergast: The infrastructure investments you refer to—thank you for your comments on ReNew Ontario, the five-year plan. This government has made historic investments in infrastructure over the last five years, as well as Minister Wynne's continued commitment to the programs, Karen, that you named specifically.

You talked about continuing strategic planning. I'm wondering if you have a voice at that table. Is there a role that you play in advising the government or in that strategic planning?

Mr. Rob Bradford: Do you want to take that?

Ms. Karen Renkema: Sure. We've been involved with the Ministry of Infrastructure as they have been trying to put together their 10-year plan and looking at

some of the key priorities on it. I think one of the recommendations that we've brought to this committee and that will be included in some of our further material is, as far as strategic planning, looking more at the big picture, about how we implement infrastructure and how it can be more affordable to the taxpayer and make a little bit more sense as we move forward.

One of those issues in strategic planning that we've talked a little bit about is regulatory reform: looking at perhaps a process to look at all the different regulations that impact infrastructure investments, specifically that key, core part of the economy, and understanding how we can maybe make things run a bit smoother and make some regulatory reform so it can be done in a quicker process but also a more affordable process. That's one of the recommendations we brought forward to the 10-year plan and we are involved in that. We do appreciate the consultation that Minister Chiarelli has provided over the past year or so through the 10-year planning process.

Ms. Leeanna Pendergast: Excellent. And that paper you referred to, you will send it to the clerk?

Ms. Karen Renkema: Absolutely, yes.

Ms. Leeanna Pendergast: That would be great. Then the committee will all get a copy.

Are you going to cut me off, Chair?

The Chair (Mr. Pat Hoy): Yes, I am.

Ms. Leeanna Pendergast: One last time.

The Chair (Mr. Pat Hoy): The time for questioning is near to an end.

On the point of sending us information: Our written submissions deadline is at 5 o'clock today, so technically you can't do that. If you want to send it to the individual members, you could.

Ms. Karen Renkema: I will do that, then, yes.

Mr. Rob Bradford: We will make sure you get copies.

The Chair (Mr. Pat Hoy): The written submissions end at 5.

Ms. Karen Renkema: Sure.

The Chair (Mr. Pat Hoy): So with that, I thank you for your submission today.

Mr. Rob Bradford: Thank you, folks.

Ms. Karen Renkema: Thank you very much.

The Chair (Mr. Pat Hoy): I want to remind the committee of two important dates. The research officer will provide a summary of witnesses' presentations by 5 p.m. on Thursday, February 10, as per our agreement. He has got a bit of time for that—or whomever. And recommendations must be filed with the clerk of the committee by noon on Friday, February 18.

Mr. Norm Miller: Recommendations, like motions or—

The Chair (Mr. Pat Hoy): Yes.

Mr. Norm Miller: —by February 18.

The Chair (Mr. Pat Hoy): So with that, we are adjourned.

I think this is my last time out.

Applause.

The committee adjourned at 1650.

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Deuxième session, 39^e législature

Official Report of Debates (Hansard)

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Journal des débats (Hansard)

Jeudi 24 février 2011

Standing Committee on Finance and Economic Affairs

Pre-budget consultations

Comité permanent des finances et des affaires économiques

Consultations prébudgétaires

Chair: Pat Hoy
Clerk: Sylwia Przedziecki

Président : Pat Hoy
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STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 24 February 2011

Jeudi 24 février 2011

The committee met at 0902 in room 151.

PRE-BUDGET CONSULTATIONS

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We are here this morning for report writing on the pre-budget consultations of 2011.

Does the committee want to make any comment about the draft report that everyone should have received from our research?

Mr. Norm Miller: I'd just like to commend—I know Larry Johnston has worked very hard on the draft report. He's put in a lot of time and met all the deadlines, so I'd like to thank Larry for all the hard work he's put into trying to capture what people who came before the committee have said.

The Chair (Mr. Pat Hoy): Any other comments?

Mr. Peter Tabuns: I echo that, because I know that the volume of material that came in to us was huge, but I don't see mention of commentary about deaf-blind services. I wonder if you could speak to that? Maybe I missed it.

Mr. Larry Johnston: I think it's here, but it may not be where you expect it to be. I think you'll find it on page 7, the last paragraph: "Community services stakeholders spoke about the inadequacy of the new funding model for deaf-blind intervenor services;"

Mr. Peter Tabuns: Okay. It's there then. Thank you very much. I'd missed that.

The Chair (Mr. Pat Hoy): Any other comment?

Ms. Leeanna Pendergast: I also want to thank Mr. Johnston, whom we call Larry, for the excellent work. Thank you. I mean, as an educator, I thought I was taking copious notes, but this is outstanding. So thank you for what you do. You're very talented.

I just have a couple of comments about words—you know, descriptors and such. On page 2, in the first paragraph under "Economic Outlook," where you're just outlining the challenges facing Ontario's economy, the words "high" and "energy prices": If we're listing the challenges, I would say energy prices are the challenges but I wouldn't quantify them. I would say, "The challenge is energy prices," and remove the word "high." On the same focus, second last line, "to expect low economic growth." Those are superlatives, "high" and "low";

perhaps "more moderate economic growth." Just suggestions.

The Chair (Mr. Pat Hoy): You're suggesting that change?

Ms. Leeanna Pendergast: Yes, sir.

The Chair (Mr. Pat Hoy): Is the committee aware of Ms. Pendergast's request?

Mr. Norm Miller: On page 2, she wants to drop "high energy prices" and just have "energy prices," and she wants to, I believe, switch "low" to "moderate economic growth?"

Ms. Leeanna Pendergast: Thank you, Norm. Yes.

Mr. Norm Miller: I don't have a problem with "moderate" versus "low." I think it means the same thing. I think we did hear from a lot of people who were concerned with high energy prices, so I don't see a problem in saying "high energy prices."

Mr. Peter Tabuns: How would you argue that they're not high?

Ms. Leeanna Pendergast: I think "high" is a judgemental word. I would say "increasing." I think we're all agreeing, and we're saying that energy prices are increasing, and that's what we're looking at dealing with. But "high" is a relative term, and it's also a superlative term. I think in fairness—

Mr. Norm Miller: It was subjective. We had presenters come in and tell us that energy prices in Ontario—I don't recall the exact number, but they were very specific about how much higher the energy prices in Ontario are versus Manitoba and Quebec. We had presenters very specifically saying that it's this much higher.

Ms. Leeanna Pendergast: Sure, absolutely, but what we heard is people telling us that energy prices are increasing, and that's their concern. I mean, "high" is like, okay, that's the end of it. But to be honest with the people of Ontario, they're increasing.

The Chair (Mr. Pat Hoy): Mr. Tabuns.

Mr. Peter Tabuns: If they were low and they were rising, I don't think most people would be concerned, frankly. But people find them high. When I go to talk to people in their homes, they complain consistently about high energy prices, not just electricity—high gasoline prices, not so much natural gas prices; they're currently relatively low. But "high energy prices" is a fair description of one of the problems that's faced by the Ontario economy right now.

Ms. Leeanna Pendergast: I hear you. I hear what you're saying, and I don't disagree with you, Peter. I think it's just more hard-hitting to say they are increasing. "High" puts a ceiling on it. Energy prices are increasing.

Mr. Peter Tabuns: I would go for "high and increasing." That would be fine. I think that's good middle ground.

Mr. Norm Miller: I would simply say it's a relatively minor change, but if you want to make a change, you have a majority on the committee, so make the change, and you can use your majority to make it. Otherwise, I'm not in favour.

Mr. Peter Tabuns: I don't think it will look good for you to change that commentary. It's sort of like Bev Oda's "not," although done in committee. The simple reality is prices are high; they are rising. There is great concern about them. What's reflected in the report is simply what we've heard from a variety of sources. This is an issue in Ontario. You can slice it and dice it a lot of different ways, but it's a fair comment.

The Chair (Mr. Pat Hoy): So your proposal is to change it to "increasing energy prices"?

Ms. Leeanna Pendergast: My proposal would first be to drop the word "high" and just say "energy prices" because we're listing the challenges facing Ontario's economy. The challenge is energy prices. We're not quantifying it. The challenge is energy prices. We didn't quantify the rest of them; parallel structure, as the English teacher says. Let's just be consistent with the rest of the sentence, that's all. But it was a good discussion.

The Chair (Mr. Pat Hoy): So there is no other word. She wants to strike "high."

Mr. Norm Miller: And if she wants to make the motion and vote for it, that's fine.

Mr. Peter Tabuns: If you want to make the motion, then we can have a bit further debate on it. Politically, textually, I think it's a mistake for you to do that, but I'm not here to save you from mistakes. I think—

Ms. Leeanna Pendergast: My mum will be happy with you, Peter, for that comment.

Mr. Peter Tabuns: Quite honestly, it's simply a reflection of what we heard and not inconsistent with what a lot of commentators in the media and the energy community have said. If one were to say "irresponsibly high prices," I could understand why you would object. Or if one were to say "high prices as a result of Liberal government policy that has abandoned reason," I would understand that is a problem for you. But if you simply say "high prices"—

The Chair (Mr. Pat Hoy): Might I suggest that if there is some concern about the word "energy," it doesn't specify what sort of energy we are talking about. There are many sources of energy.

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Mr. Peter Tabuns: You just watch the news, see what's coming out of Libya and figure out what the energy prices are going to be next week.

The Chair (Mr. Pat Hoy): I just point out, it's not specific to one source of energy.

Mr. Peter Tabuns: Absolutely correct.

Ms. Leeanna Pendergast: You know, you make a compelling argument. Let's just leave it as it is.

Mr. Peter Tabuns: Wow.

Ms. Leeanna Pendergast: I can hear reason.

My team said, "Where were you 10 years ago?" when you said you're not here to save me. They're jabbing me from this side, too.

Mr. Peter Tabuns: It's rough when you have infighting in parties, Leeanna.

Ms. Leeanna Pendergast: It wasn't a party thing, it was just at me.

Sorry, Chair. What about the "low", changing that to "more moderate"?

Mr. Norm Miller: That's fine.

Ms. Leeanna Pendergast: Okay, thanks.

The Chair (Mr. Pat Hoy): Is that agreed? It's agreed.

Ms. Leeanna Pendergast: So we can do that without a motion or anything?

The Chair (Mr. Pat Hoy): We had agreement, so—

Ms. Leeanna Pendergast: So as long as there's consent?

The Chair (Mr. Pat Hoy): Unanimous consent to change it. But if that was not the case, I'd want a motion.

Any other comments? Yes, go ahead.

Ms. Leeanna Pendergast: Same page, last paragraph: December 2010 unemployment rate, Ontario's annual rate of inflation in December 2010. I believe that the January 2011 numbers are more recent and would prefer to use the January 2011, the 2.9%.

Mr. Peter Tabuns: I'm sorry, in the last paragraph on page 2?

Ms. Leeanna Pendergast: I'm sorry, I didn't read the whole thing. So the last paragraph, the last full sentence beginning on the second-last line: "Ontario's annual rate of inflation in December 2010 was 3.3%"...

Mr. Peter Tabuns: Right.

Ms. Leeanna Pendergast: We would prefer to use a more recent statistic. I'm not sure why we used that one.

Mr. Larry Johnston: Because the January figure wasn't out when this section was prepared.

Ms. Leeanna Pendergast: Okay, so the January figure is out. Can we use a more recent figure, please?

Mr. Peter Tabuns: What is that figure?

Ms. Leeanna Pendergast: It's 2.9%.

The Chair (Mr. Pat Hoy): What is the January figure?

Mr. Norm Miller: And what's the January figure for the year before? What's the comparison? What's the January figure for both years, because we have a comparison of 2009 and 2010 at this time.

Mr. Peter Tabuns: Good point. January 2010: What was it?

Ms. Leeanna Pendergast: Are you asking me?

Mr. Peter Tabuns: Yes.

Ms. Leeanna Pendergast: I don't have those numbers.

Mr. Norm Miller: This is a comparison of one year to the next.

Ms. Leeanna Pendergast: So could we ask for those numbers to be put in and we'll look at it when we come back to it? Is that acceptable? If we have more recent numbers we should use them.

The Chair (Mr. Pat Hoy): We can ask for anything from research, I suppose. The question is when they might get back to us with the answer.

Mr. Norm Miller: It seems to be a relevantly minor fact to us.

The Chair (Mr. Pat Hoy): It would be a question of when research could get back to us with the answer and we're writing the report today.

Ms. Leeanna Pendergast: Okay.

The Chair (Mr. Pat Hoy): I don't know when we could get the answer.

Ms. Leeanna Pendergast: It's just a quick Google—

Mr. Kevin Daniel Flynn: You could find that out.

Mr. Larry Johnston: I can go out and make a call across the street and get somebody to get the answer back to us.

The Chair (Mr. Pat Hoy): It could be 5:30 today.

Mr. Larry Johnston: If I had Internet here I could tell you but I don't have my StatsCan access here. I could go up to the library and ask somebody to run it down.

Ms. Leeanna Pendergast: Great.

The Chair (Mr. Pat Hoy): Are we agreed on that?

Mr. Norm Miller: It's a relatively minor change, whether it's a month later or not. We've got accurate figures that are comparing one year over the other. I don't think it's that significant, even if they change a very minor amount for the next month.

Ms. Leeanna Pendergast: In your own words, "that significant," meaning it is significant to have the most recent figures and if we're writing a report we want to be accurate. So if we could look at those and then make a decision when we have them it would be appreciated.

Mr. Peter Tabuns: So you're asking that we hold down this paragraph, then?

Mr. Norm Miller: That's what I hear.

Ms. Leeanna Pendergast: We could possibly come back to it if we get the information from Mr. Johnston.

The Chair (Mr. Pat Hoy): In my view, we would need the figure to discuss whether we can put it in or not. Shall we get the figure?

Mr. Norm Miller: I'm happy with the December figures, frankly, but if the government wants to get a month-later comparison to include, and we'll have it for discussion purposes, that's fine.

The Chair (Mr. Pat Hoy): Yes, we will get the figure for discussion first. All right. Anything else?

Ms. Leeanna Pendergast: Yes, sir. Just a question on page 3, third paragraph down, beginning "Net provincial debt": I'm just wondering what source was used where you're talking about net debt to GDP and that it "is expected to peak near 41.0% in 2014-15"? What's the source for that, please?

Mr. Larry Johnston: It's the 2010 outlook.

The Chair (Mr. Pat Hoy): Any other questions or points about the report?

Ms. Leeanna Pendergast: Just one, please.

The Chair (Mr. Pat Hoy): Yes.

Ms. Leeanna Pendergast: You guys aren't going to like this one at all. On page 6, third full paragraph down, "Several existing programs which should be strengthened...."—I don't remember, as a committee, agreeing that they should be strengthened. I think the word is conditional: "could be strengthened." I think we heard that, but I don't think we ever came to a consensus that they should be, so change "should" to "could," please.

Mr. Peter Tabuns: But we're reporting what people said to us. The beef and pork farmers said they should be strengthened. The grain and oilseed people said they should be strengthened. It's a fair representation of what they said to us. Unless I'm wrong—I haven't done this committee very often—but my understanding is we're reporting what people said to us.

Mr. Norm Miller: I would agree with Mr. Tabuns. I guess it's a question of whether the language represents what people told us or if we can change it if it doesn't represent what people told us, and if there's tweaking required to properly represent what they told us. Certainly, we heard from many different agricultural groups that this is something that they were looking for, that they would like these programs strengthened.

The Chair (Mr. Pat Hoy): The researcher might—

Mr. Larry Johnston: Would it be appropriate to insert "by stakeholders" after "identified," therefore making it clear that it was not the committee's conclusion that the programs need to be strengthened?

Ms. Leeanna Pendergast: Yes. As Mr. Miller was saying as well, I would agree that we could just insert that "presenters suggested programs should be." Yes, I think that works very well. Thank you.

Mr. Larry Johnston: "Identified by presenters"?

The Chair (Mr. Pat Hoy): "Identified by presenters"?

Ms. Leeanna Pendergast: Sure.

Mr. Peter Tabuns: Fair enough.

Ms. Leeanna Pendergast: Is that okay?

Mr. Peter Tabuns: Yes, I think that's a fair representation of what happened.

Ms. Leeanna Pendergast: Thank you.

The Chair (Mr. Pat Hoy): Agreed? Agreed. Is there anything else?

Okay, we'll have the researcher look for that percentage that was requested.

If there's nothing else about the draft report, we can move to the motions. We'll go to the motions now. Everyone should have a packet. They're numbered 1 through 8. We'll have them read into the record.

If you'd do the first one, Mr. Tabuns—NDP.

Mr. Peter Tabuns: Motion 1: Take the HST off of electricity and home heating.

Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its fiscal year

2011-12 budget, remove the HST from electricity and home heating bills.

I think we've made this argument before, and I'll make it for the record today. We disagreed with the HST. I would say that every MPP will find, as they go through their riding, that there's broad disagreement with the HST. When we look at what is most central to people's concerns, it's HST on everyday necessities.

It's a cold country. We try to keep ourselves warm. People have to keep themselves warm. Thus, the HST imposed on top of heating bills—electrical and gas—provides quite a burden on people. We think it would be prudent for the government to remove that burden by taking the HST off electricity and off of home heating.

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I think the government would be well advised to take this step. It brought in the \$1 billion a year Ontario clean energy benefit, recognizing the political turmoil that has arisen from rising hydro bills. Let me tell you, the political turmoil from heating bills is also quite substantial. This committee would, I think, reflect opinion in Ontario and the needs of Ontarians, particularly seniors, if it were to adopt this resolution.

The Chair (Mr. Pat Hoy): Any other comment? Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you for your comments, Mr. Tabuns. You said your comments for the record; I'd also like to make comments for the record. In fact, the McGuinty government has gone above and beyond the 8% with the Ontario clean energy benefit and taken 10% off electricity bills for the people of Ontario, specifically helping seniors. For that reason, we will not be supporting this motion.

The Chair (Mr. Pat Hoy): Mr. Miller.

Mr. Norm Miller: Just a brief comment: Having been part of the committee when the HST bill was coming through the legislative process and having proposed many amendments to exempt various services from it—and recognizing the reality of what people are facing in their heating bills across the province—we've already seen electricity rates rise some 75%. Every day, it seems, there are new increases coming along: most recently another 6% increase, a predicted 46% increase over the next five years. So I'll be supporting the motion.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour—

Mr. Peter Tabuns: Recorded vote.

The Chair (Mr. Pat Hoy): Recorded vote requested.

Ayes

Norm Miller, Tabuns.

Nays

Albanese, Flynn, Jaczek, Leal, Pendergast.

The Chair (Mr. Pat Hoy): The motion is lost. Number 2: NDP motion, Mr. Tabuns?

Mr. Peter Tabuns: Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its fiscal year 2011-12 budget, reverse the corporate tax cuts and capital tax giveaway to the banks and reallocate some of the money saved towards highly targeted, jobs-focused, refundable tax credits. These credits would directly reward employers for making new investments in plant machinery, training and innovation. One example of this sort of credit is an investment tax credit that would encourage manufacturers and processors to make capital investments in plant expansion and create jobs. Such a tax credit has been widely credited for contributing to the strong recent job creation records of provinces such as Manitoba and Quebec.

If we look at the history of corporate tax cuts, we can look at Paul Martin who, as the finance minister of Canada, delivered—I think it was in 2000 or 2001—what he called the largest corporate tax cut in Canadian history. As everyone around this table is well aware, Canada's manufacturing sector continued to be hollowed out throughout the past decade. Go to Peterborough, go to London, go to Hamilton, go around the GTA and you will see manufacturing plants that have been closed down. In fact, in my riding, we have large brownfield areas where we used to have factories. Go to York South-Weston: the Kodak lands, where there used to be factories.

Corporate tax cuts, as delivered at the federal level, did not in fact protect the economy of Canada from being hollowed out. I don't see that this committee, having seen the presentation on the correlation between corporate tax cuts and actual corporate investment in equipment and machinery, can support a continuation of tax cuts. As we were shown in the presentations in Toronto, as the corporate tax cuts continued, investment in machinery and equipment continued to drop. That's the reality in Canada.

For us, if we are going to go forward and represent the interests of the people in this province who want jobs, then we should, if we do in fact distribute support to corporations, tie it to the creation of jobs. It's the only way you can justify that to the majority of people who understand the necessity of employment and understand measures to create measures to create employment.

A general corporate tax cut is not going to preserve the Ontario economy. It's not going to preserve jobs. It will make bottom lines far richer; I have no doubt of that. The banks in Canada have done very well over the years. They don't need a corporate tax cut.

We don't need to cut the corporate taxes of large development companies or construction companies. They aren't competing on the international level for construction in Ontario. I think that this committee, to act responsibly, should be supporting this amendment.

The Chair (Mr. Pat Hoy): Thank you. Any other comment?

Ms. Leeanna Pendergast: There's certainly no question that Ontario must remain competitive. I would add

that we heard loud and clear on this committee to not raise taxes on the forestry industry, for instance. We heard that loud and clear in the north. This continues to be about jobs and about being competitive. For that reason, we will not be supporting this motion.

The Chair (Mr. Pat Hoy): Mr. Miller?

Mr. Norm Miller: Yes, just very briefly. I won't be supporting the motion. We need a competitive tax structure in Ontario to attract jobs and businesses here. It's a global world. The capital tax noted is a very unproductive tax that discourages investment in the province, so I won't be supporting this motion.

The Chair (Mr. Pat Hoy): Thank you. Any other comment? Hearing none, I'll put the question.

Mr. Peter Tabuns: Recorded, please.

The Chair (Mr. Pat Hoy): Recorded vote requested.

Ayes

Tabuns.

Nays

Albanese, Flynn, Jaczek, Leal, Norm Miller, Pendergast.

The Chair (Mr. Pat Hoy): The motion is lost.

Now we'll go to page 3, which is also an NDP motion.

Mr. Peter Tabuns: Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its fiscal year 2011-12 budget, tables a fiscal framework that acknowledges the widespread belief by economists that sustained economic growth can bring the budget into balance within a reasonable period and that cutting public services will only serve to dampen demand for Ontario goods and services, thereby reducing economic growth.

I'll just say briefly that there's a lot to learn from the recent experience in the UK, where the Conservative-led government in its deficit-cutting activities has actually undermined the recovery of that economy. A variety of economic commentators have noted that their deficit-cutting activities and the reduction of public services have led to job losses, increased numbers of people on social assistance and a reduction of the ability of that economy to finance government and sustain business.

I don't think we should fall into the same trap. I think we need to be prudent in our spending, but should recognize that we're going through a business cycle within which revenue will be down and revenue will return. Cuts to public services are not going to give us the kind of economic growth that we need or want.

The Chair (Mr. Pat Hoy): Thank you. Any other comment?

Ms. Leeanna Pendergast: I want to thank Mr. Tabuns for his comments. He's always very eloquent and very well-spoken. Certainly we agree about being on the right track and share your thoughts in terms of the intent

of this motion: promoting economic growth. The government believes in bringing the budget back to balance and in the importance of protecting our public services. However, in the way that this is worded, we cannot support it.

The Chair (Mr. Pat Hoy): Thank you. Any other comment? Mr. Miller.

Mr. Norm Miller: Yes, certainly. I think the motion is well intentioned. But I also believe that we need to have respect for the families that are paying the bills in this province, so I won't be supporting this motion.

0930

The Chair (Mr. Pat Hoy): Any other comments? I'll put the question.

Mr. Peter Tabuns: You're a good man, Chair. If we could have it recorded, I'd appreciate it.

The Chair (Mr. Pat Hoy): Recorded vote is requested.

Ayes

Tabuns.

Nays

Albanese, Flynn, Jaczek, Leal, Norm Miller, Pendergast.

The Chair (Mr. Pat Hoy): The motion is lost.

Page 4: We have a government motion. If Ms. Pendergast would read it into the record.

Ms. Leeanna Pendergast: The Standing Committee on Finance and Economic Affairs recommends that the government continue to reduce the deficit and work towards a balanced budget.

The Chair (Mr. Pat Hoy): Any comment? Mr. Bisson.

Mr. Gilles Bisson: What exactly do you mean by this? That's a pretty wide-open statement. That could be interpreted as, "I'm going à la the UK" or, "I'm going à la Dalton McGuinty." What does it mean?

Ms. Leeanna Pendergast: It means no more than the words on the page, Mr. Bisson: that we continue to work to reduce the deficit and move towards a balanced budget.

Mr. Gilles Bisson: So this is a McGuinty-ism?

Mr. Norm Miller: It's a motherhood statement.

Mr. Gilles Bisson: I'm not going to filibuster on this point, but what does this really mean, that we're going to continue to reduce the deficit and work towards a balanced budget? The government has seen record increases in spending over the last seven to nine years. We've got a deficit of over \$18 billion. I agree with my friend Mr. Tabuns—this is a business cycle—but I think it's more than that. I think there are some structural issues in regard to the amount of activity in the Ontario economy. I just look in my backyard and look at what happened with Xstrata and others who close their doors, which means to say fewer taxes for government.

I see this as a bit of a motherhood-and-apple-pie kind of comment. It's like saying, "We're going to do something about it but there really isn't any plan." Is there a plan to deal with the deficit? Is the government going to announce something in your electoral platform? And when are you going to come clean with what's in your platform?

The Chair (Mr. Pat Hoy): Mr. Miller.

Mr. Norm Miller: Just very briefly: Yes, it is a motherhood-and-apple-pie statement. Of course, we're supporting moving towards a balanced budget. The plans that the government has outlined so far in its budgets—frankly, I don't buy them. They're planning to balance the budget by 2017-18, based on reducing government spending far below what their track record has established in the first seven years. It's a motherhood-and-apple-pie statement, but we'll be supporting it.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour?

Mr. Gilles Bisson: Recorded vote.

The Chair (Mr. Pat Hoy): Recorded vote is requested.

Ayes

Albanese, Flynn, Jaczek, Leal, Norm Miller, Pendergast.

Nays

Bisson.

The Chair (Mr. Pat Hoy): The motion carried.

Number 5 is also a government motion. Ms. Pendergast.

Ms. Leeanna Pendergast: The Standing Committee on Finance and Economic Affairs recommends that the government continue to make strategic investments in our workforce and create further opportunities for growth in Ontario.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Gilles Bisson: Can I just say "ditto" from the last one?

The Chair (Mr. Pat Hoy): Yes, you can.

Mr. Gilles Bisson: Okay. Ditto.

Mr. Norm Miller: Ditto.

The Chair (Mr. Pat Hoy): Any other comments? Hearing none, I'll put the question. All in favour? Carried.

Number 6: government motion, Ms. Pendergast.

Ms. Leeanna Pendergast: The Standing Committee on Finance and Economic Affairs recommends that the government continue to pressure the federal government to re-evaluate the equalization and transfer system and promote fairness for Ontarians.

The Chair (Mr. Pat Hoy): Any comment? Hearing none, I'll put the question. All in favour? Carried.

Number 7 is also a government motion. Ms. Pendergast?

Ms. Leeanna Pendergast: The Standing Committee on Finance and Economic Affairs recommends that the government take full advantage of the economic potential of the Ring of Fire, including promoting the processing of these minerals here in Ontario.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Norm Miller: Obviously we're supportive of getting all the full potential from the Ring of Fire. I would just say—as was captured, I'm sure, in Mr. Johnston's report—we heard from many presenters that the risk to the value-added development of the Ring of Fire and the processing of the ore that would come from the Ring of Fire development is that the high industrial energy prices in Ontario, as compared to Manitoba and Quebec, would result in the value-added processing happening not within the province of Ontario. Really, the big risk to the jobs staying in Ontario and the money being spent in Ontario is the energy policy of the current government. We heard from the mayor of Timmins how Xstrata closed last year and 700 jobs moved from Ontario to Quebec.

The interesting thing is, if you look at the ironic part of that—other than losing 700 jobs and the city of Timmins losing \$4 million in property tax revenue—the smelter in Timmins was more environmentally friendly than the one that's in Quebec, so we actually have more environmental damage happening to the country of Canada and to the world as a result of that plant moving out of Ontario. Obviously, there's the 700 jobs in Timmins. So this is another motherhood-and-apple pie statement which we'll support, but I simply point out that the biggest threat to the money being spent in Ontario is the high energy prices that we currently have.

The Chair (Mr. Pat Hoy): Mr. Bisson.

Mr. Gilles Bisson: My first question to whoever on the government side is willing to answer: Does this mean to say you're actually going to amend the Mining Act, as proposed by me last spring, to say that all the processing of materials is going to be done here in Ontario? The first question—question to the government.

The Chair (Mr. Pat Hoy): Ms. Pendergast.

Ms. Leeanna Pendergast: I'll just say that that answer goes beyond my auspices here in this committee, but I would suggest—Mr. Miller, I appreciate your comments, and I want to thank you for that and wish that you had submitted some recommendations that we could have taken a look at, because I do appreciate your input. Thank you.

Mr. Gilles Bisson: Back to me again and back to the government. Listen, we've seen this show before. Xstrata, as was pointed out by Mr. Miller—and I'm sure you heard from others as you travelled out on committee—left Ontario primarily for two reasons. They left because of high electricity prices, and you touched on it, because they said so at the cabinet table when I sat at the cabinet—not that I'm in cabinet, but at the cabinet table with the Premier and the mayor of Timmins and others when we met to talk about Xstrata with Xstrata themselves. They said, "One of the reasons we're leaving is

that your environmental regulations are too tough,” and presumably they were saying, “We’re going to go where they’re less.”

So I ask you the question, is the government proposing to change the Mining Act so that the Mining Act clearly says that minerals that are extracted from Ontario will be processed in Ontario? And what I get as an answer is, “Well, it’s outside my purview.” The answer is no, because I’ve already seen this show, because the government voted not in the House. That’s the first issue.

The second issue: Is the government proposing to put in place an industrial hydro rate in order to ensure that financially they can actually build the smelter refinery in Ontario? To the government: Yes or no? Are you proposing an industrial hydro rate?

The Chair (Mr. Pat Hoy): Ms. Pendergast.

Ms. Leeanna Pendergast: I’ll just answer Mr. Bisson by saying that we’re not changing the Mining Act. That much I can tell you.

Mr. Gilles Bisson: Okay. And on the industrial hydro rate: Are you going to be creating an industrial hydro rate to make us competitive with the Manitoba prices?

Ms. Leeanna Pendergast: We are supportive of creating economic opportunity in the north.

Mr. Gilles Bisson: All right. There’s only one problem. You’re not going to create economic opportunity if I have to pay higher prices for electricity in Ontario as compared to Manitoba or Quebec.

Just to put this into context, the building of the refinery and the smelter in Ontario, if it happens, is a billion-dollar project roughly; grosso modo, about a billion dollars. The capitalization for that can be recouped in 30 years just on the savings of electricity if they were to build the very same plant in the province of Manitoba. If you look at what the price of electricity is in Ontario and what it would cost to operate a refinery smelter of that type in Ontario compared to Manitoba or Quebec, there’s a \$1-billion savings in the cost of electricity over 30 years, so essentially, the capitalization for the plant is paid through the savings just by moving over the border to Manitoba or Quebec.

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I’m going to support your motion. Why? Motherhood and apple pie. I love mining. I love minerals. This is great; make it happen in Ontario. But other than motherhood and apple pie, this doesn’t mean anything, because these are economic decisions that the proponents of the Ring of Fire are going to have to make. “Is it cheaper to build my plant in Ontario, yes or no?” That’s the question they’re going to ask themselves, because they’ve got to raise money in order to build this. When they go to their shareholders or they go to the market in order to raise the money to build it, the ability to do so will be based on how profitable this thing is. If electricity prices make it less profitable, there’s going to be one heck of a push to build it outside of Ontario. Unless we change the Mining Act, there’s going to be nothing that’s going to prevent them from taking the ore out of the Ring of Fire by rail once it’s concentrated and shipping it wherever—to

China, to Manitoba, to Quebec or Wisconsin. They’ll be able to go where they want with it.

So I would ask you this last question: Is the government prepared to make the significant changes that need to be made to public policy in order to ensure that the ore that is extracted from the Ring of Fire will actually be processed in Ontario—hydro, Mining Act, or others?

The Chair (Mr. Pat Hoy): Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you for your comments, Mr. Bisson. The motion says that we’re committed to creating economic opportunity in the North. Clearly, you’re from the north and you’re a strong voice for the north. Thank you. You clearly understand the issues. This motion does say that we’ll continue to create economic opportunity in the north, and we appreciate the support of the NDP.

Mr. Gilles Bisson: So this is more or less saying, “Vote for me and I’ll give you more of the same.” Okay, that’s all I wanted to know. Thank you. At least your platform is becoming clearer now.

The Chair (Mr. Pat Hoy): Any other comments? Hearing none, I’ll put the question. All in favour?

Mr. Gilles Bisson: Recorded vote.

The Chair (Mr. Pat Hoy): Recorded vote requested.

Ayes

Albanese, Bisson, Flynn, Jaczek, Leal, Norm Miller, Pendergast.

The Chair (Mr. Pat Hoy): Carried.

Number 8 is a government motion. Ms. Pendergast.

Ms. Leeanna Pendergast: The Standing Committee on Finance and Economic Affairs recommends that the government promote financial literacy among Ontarians of all ages and encourage everyone to start saving early for retirement.

Mr. Gilles Bisson: I didn’t need this. If I had just listened to my mother, I’d be doing better.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Miller.

Mr. Norm Miller: It’s a general statement again, but I think there is a real need for Ontarians, for Canadians, to increase their level of financial literacy. We’ve seen recent reports where consumer debt levels are going up pretty dramatically in the last few years. That is a real concern. Also, there’s a real need for people to be aware of what they need to do to plan for retirement and to be saving for retirement, so I support the motion.

The Chair (Mr. Pat Hoy): Any other comment? Ms. Pendergast.

Ms. Leeanna Pendergast: Sorry, I couldn’t resist. I just want to say on the record that the McGuinty government convened a working group on financial literacy of which I had the privilege of being the co-chair, and recommendations were made to the minister. The minister has adopted the recommendation that financial

literacy be mandatory in all schools in Ontario as of September 2011.

The Chair (Mr. Pat Hoy): Thank you. Any other comment? Hearing none, I'll put the question. All in favour? Carried.

Are there any other motions?

Mr. Norm Miller: Just a question. How long do I have for my dissenting report?

The Chair (Mr. Pat Hoy): We'll get to that. I have that as the last item of business.

We stood down the question of the rate of inflation on page 2 at the bottom. I think the researcher has found some statistics here, so I'll let him speak.

Mr. Larry Johnston: The rate of inflation in January 2011 would be 2.9%, up from 1.9% in January 2010.

Mr. Gilles Bisson: The rate of inflation was 2.9%? I didn't know that.

The Chair (Mr. Pat Hoy): Everyone clear on that?

Interjections.

Mr. Norm Miller: For Mr. Bisson's benefit, they want to change the statistics that are reported on page 2, on the last line, where it says that Ontario's annual rate of inflation in December 2010 was 3.3%, up from 1.2% in December 2009, to January's figures, which are slightly better and which we just received—2.9% in January 2011 and 1.9% in January 2010. They want to change that.

Mr. Gilles Bisson: That's fine.

The Chair (Mr. Pat Hoy): All right. Everyone understands the point being made to change these figures? We all understand that? Is there any discussion about this? Are we in agreement that we change the figures for the purposes of this report? Agreed? Agreed.

I have some questions for the committee: Shall the draft report, as amended, with the inclusion of recommendations, be adopted, subject to the authorization of the Chair?

Mr. Gilles Bisson: No.

Ms. Helena Jaczek: Agreed.

The Chair (Mr. Pat Hoy): Any questions?

Mr. Gilles Bisson: I said no.

The Chair (Mr. Pat Hoy): No? Then I will put a vote. The question is: Shall the draft report, as amended, with the inclusion of recommendations, be adopted, subject to the authorization—

Interjections.

The Chair (Mr. Pat Hoy): Since we heard a "no," would somebody make the motion: Shall the draft report,

as amended, with the inclusion of recommendations, be adopted?

Ms. Leeanna Pendergast: I'll do that.

The Chair (Mr. Pat Hoy): Ms. Pendergast has moved that.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Gilles Bisson: No.

The Chair (Mr. Pat Hoy): Hearing none, all in favour? Opposed? Carried.

Shall the Chair sign off on the authorization of the recommendations etc.?

Mr. Norm Miller: Again, Chair, when do we get to the time frame?

The Chair (Mr. Pat Hoy): We're getting there.

Mr. Norm Miller: You're not going to forget that?

The Chair (Mr. Pat Hoy): No.

Mr. Norm Miller: Good. Thank you, Chair.

The Chair (Mr. Pat Hoy): It's right here.

Agreed? Agreed.

Shall the final report be translated and printed? Agreed? Agreed.

Upon receipt of the printed report, shall the Chair present the committee's report to the House and move the adoption of its recommendations? Agreed?

Mr. Gilles Bisson: No.

The Chair (Mr. Pat Hoy): I heard a "no." I'll read it again: Upon receipt of the printed report, shall the Chair present the committee's report to the House and move the adoption of its recommendations? Would someone move that, please? Thank you, Ms. Pendergast. All in favour? Opposed? Carried.

The deadline for dissenting opinions to be filed with the clerk of the committee pursuant to standing order 131(d) is Monday, February 28, 2011, at 4 p.m. Agreed?

Mr. Norm Miller: Sorry, say that again: Monday, February 28—

The Chair (Mr. Pat Hoy): Monday, February 28, 2011, at 4 p.m.

Mr. Norm Miller: Next Monday?

The Chair (Mr. Pat Hoy): Traditionally it has been that.

Shall the committee transmit a confidential advance copy of the report in English only to the Minister of Finance prior to the report being tabled in the House? Agreed? Agreed.

We are adjourned.

The committee adjourned at 0949.

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Second Session, 39th Parliament

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Deuxième session, 39^e législature

Official Report of Debates (Hansard)

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Journal des débats (Hansard)

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Standing Committee on Finance and Economic Affairs

Better Tomorrow
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Comité permanent des finances et des affaires économiques

Loi de 2011 sur des lendemains
meilleurs pour l'Ontario
(mesures budgétaires)

Chair: Pat Hoy
Clerk: Sylwia Przedziecki

Président : Pat Hoy
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 21 April 2011

Jeudi 21 avril 2011

The committee met at 0831 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. The first order of business is to have the report of the subcommittee read into the record. Ms. Pendergast.

Ms. Leeanna Pendergast: Your subcommittee on committee business met on Thursday, April 14, 2011, to consider the method of proceeding on Bill 173, An Act respecting 2011 Budget measures, interim appropriations and other matters, and recommends the following:

(1) That the committee hold public hearings in Toronto, at Queen's Park, on Thursday, April 21, 2011, during its regular meeting time, as per the order of the House dated Wednesday, April 13, 2011.

(2) That the clerk of the committee, with the authorization of the Chair, post information regarding the committee's business once in the Globe and Mail newspaper on Saturday, April 16, 2011.

(3) That the clerk of the committee, with the authorization of the Chair, post information regarding the committee's business in English and French on the Ontario parliamentary channel, on the Legislative Assembly website and with Canada NewsWire.

(4) That interested people who wish to be considered to make an oral presentation on Bill 173 should contact the clerk of the committee by 12 noon on Tuesday, April 19, 2011.

(5) That, following the deadline for receipt of requests to appear on Bill 173, the clerk of the committee provide the subcommittee members with an electronic list of all the potential witnesses who have requested to appear before the committee.

(6) That, if required, each of the subcommittee members supply the clerk of the committee with a prioritized list of the witnesses they would like to hear from by 3 p.m. on Tuesday, April 19, 2011. These witnesses must be selected from the original list distributed by the committee clerk.

(7) That groups and individuals be offered 10 minutes for their presentations, followed by up to five minutes for questioning by committee members.

(8) That the deadline for receipt of written submissions be 5 p.m. on Thursday, April 21, 2011.

(9) That the research officer provide the committee with a summary of witness presentations by 5 p.m. on Tuesday, April 26, 2011.

(10) That amendments to the bill be filed with the clerk of the committee by 5 p.m. on Thursday, April 28, 2011, as per the order of the House dated Wednesday, April 13, 2011.

(11) That the committee meet on Thursday, May 5, 2011, during its regular meeting time for clause-by-clause consideration of the bill, as per the order of the House dated Wednesday, April 13, 2011.

(12) That the clerk of the committee, in consultation with the Chair, be authorized to commence making any preliminary arrangements necessary to facilitate the committee's proceedings prior to the adoption of this report.

The Chair (Mr. Pat Hoy): That's the subcommittee report. Are we agreed? Agreed.

BETTER TOMORROW
FOR ONTARIO ACT
(BUDGET MEASURES), 2011LOI DE 2011 SUR DES LENDEMAINS
MEILLEURS POUR L'ONTARIO
(MESURES BUDGÉTAIRES)

Consideration of Bill 173, An Act respecting 2011 Budget measures, interim appropriations and other matters / Projet de loi 173, Loi concernant les mesures budgétaires de 2011, l'affectation anticipée de crédits et d'autres questions.

ATKINSON CENTRE FOR SOCIETY
AND CHILD DEVELOPMENT,
OISE-UNIVERSITY OF TORONTO

The Chair (Mr. Pat Hoy): Now we will move to our first presentation of the morning, the Atkinson Centre for Society and Child Development, University of Toronto, if you'd come forward. Good morning. You have 10 minutes for your presentation. There could be five minutes of questioning. In this round it will come from the official opposition. Just state your name for our Hansard and you can begin.

Ms. Zeenat Janmohamed: Good morning. I'm Zeenat Janmohamed and I'm from the Atkinson centre. I want to thank the committee for this opportunity today.

You've got my presentation in front of you. I'd just like to highlight a few key points and hopefully have a short discussion as well.

The Atkinson centre has been a research centre at the University of Toronto for about a decade now. It was established primarily to do research and policy work in early learning and family development. We have three main research initiatives right now.

The first one is the Kids, Families and Places Study, which looks at the influences around neighbourhoods, families and child care contexts on children's development. The second one, and one that's more well known, is the Toronto First Duty project, which we have led the research and evaluation on for the last 10 years. That's models of integrated early learning and extended day. The third: We're also involved in the new evaluation project around full-day kindergarten.

We've recently also established an Atkinson centre Early Years Task Force that's comprised of experts from school boards, municipalities, research organizations and practitioners, as well as labour organizations, because we felt it was really important to have an external group address some of the issues that were coming up around full-day kindergarten, the extended day, as well as the needs of younger-age children.

I'm here this morning to share three major points with you around the government's consideration around amending the Education Act to allow for third party operators to deliver the extended-day programs.

I'll start with the findings from Toronto First Duty. As a research and evaluation project that has involved a decade of research, we have some pretty critical lessons to share with you. The most important I think is the value around a seamless approach with one operator for kids between the ages of preschool right into school age who start the day with a group of educators and end the day in a seamless program where they do not have to have that many transitions. That's a program that has, for a decade, had a team of early childhood educators, kindergarten teachers and family support workers working together to deliver a program that's developmentally enriched and is appropriate for young kids. What we found was that the integrated model increased the quality of the program.

The government of Ontario has shown really important and significant leadership around the implementation of full-day kindergarten so far. We're really happy to hear about the extension of that program going into 2011 and 2012. But I think that this is a time where that leadership needs to be extended into the delivery of extended-day programs that are delivered by school boards.

This is an opportunity for the Ontario government to continue that leadership program and demonstrate that that kind of cohesive approach is absolutely important for children's development and absolutely critical to parents' ability to work and parents' ability to be in school.

Improving that access to high-quality programs should be a priority for government. There's no jurisdiction anywhere where a mixed delivery system meets the needs of more than 30% of children and families. Only

30% of children and families in Ontario have access to high-quality programs.

It's only in jurisdictions where you have public delivery of all programs where you can guarantee some reasonable access to quality. Like in education, families have an entitlement to those kinds of programs, and we believe that child care, extended-day programs and a seamless early learning approach ought to be considered as an entitlement program.

If governments do not respond to the reality of today's families—we're all working. Many of us are also in school. I think it's a missed opportunity to support the workforce of today and tomorrow.

Secondly, the point I want to make is, the delivery of the extended-day program should be delivered by school boards with the right kinds of supports and mechanisms in place. We have about eight school boards in Ontario right now, both public and Catholic, as well as the French boards, that are offering the extended-day program. These school boards have shown initiative, I think, in a time where they're essentially swimming against the tide.

There are a lot of pressures on school boards. I see that later this morning Catherine Fife is coming in. She's president of the Ontario Public School Boards' Association and also participates in the Atkinson task force where we recognize that there are significant pressures on school boards, but there are also school boards that are demonstrating the feasibility of a blended extended-day program that provides a seamless early learning program for young children.

In northern Ontario, there is a school board that has actually delivered the entire program and has done it by adjusting their schedule to meet the needs of the children and families and, at the same time, create new early childhood education jobs.

In southern Ontario, there's an urban school board that's offering the seamless program fully, from 7 in the morning right up until 6 in the evening. These are school boards that need to be supported, but they're also school boards from which we can learn some important lessons, and I think that's where the government can play a leadership role.

0840

The Atkinson task force is going to be writing up case studies to demonstrate what school boards are doing successfully and where there are some challenges. We're not in any position to pretend like there are no challenges in place—of course there are—but we have a system of public education in this province which enables that kind of province-wide feasibility, that kind of province-wide mechanism to implement a full-day early learning program.

Finally, my last and my most significant concern is around the possibility of privatizing early learning programs in our public education system. Why would the Ministry of Education, which up until very recently worked closely with school boards to offer extended-day programs, now be open to third party operators without any kind of provision in place to ensure that that would only be to the non-profit sector, if necessary? It seems

inconceivable to me to privatize our publicly funded education system. In the same way, it's unconscionable that you would be open to an early learning program that's privatized in our public education system.

The Atkinson Centre is a research centre. We ground our work in evidence-based policy recommendations. We know from decades of research that a public system offers consistency and seamlessness without differentiating between child care and learning. There's a significant amount of Canadian research—Gord Cleveland, Michael Krashinsky, Martha Friendly—that demonstrates to us the link between poor quality and for-profit programs. With a government that's able to provide so few reassurances—and we've seen that in recent media reports around the quality of programs in the private sector—why would you take that risk and not opt for the option where you know you will get some level of quality?

I think that Ontario has made some important strides in developing education systems that are publicly operated and publicly accountable. Every child in this province can enter a school and be guaranteed an education when they turn six. Over 95% of parents with four- and five-year-old children have their children enrolled in kindergarten programs, and you know that the demand for the full-day program is significant.

This is an opportunity, I think, to entrench those principles of universality and accessibility that extend to the full-day, seamless approach of the early learning program that was envisioned in the Pascal report, *With Our Best Future in Mind*. We believe that that kind of program will support the holistic development of children.

So I'd leave you with two final recommendations. The first is that the Ministry of Education, the Ontario government, should ensure that extended-day and summer programs are operated by school boards. My second suggestion to you is that if you must go with third party operators, you should amend the amendment—I'm not sure what the language is on that, but you should ensure that there is only non-profit provision of extended day programs in our public schools. Thank you.

The Chair (Mr. Pat Hoy): Thank you. This round of questioning will go to the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you for your presentation. I know Mr. Barrett also has questions.

So essentially you're pushing for the before- and after-care programs, or the full-day learning, to be only run by school boards, the point being that seamless care is better than having to switch, having different people looking after or being with the kids. I assume it's more ideal to have that scenario.

I don't disagree with that. I suspect that the cost of running it maybe has something to do with the changes that are being proposed. I know I've met with organizations like the YMCA that in the past have run many before- and after-school programs before full-day learning came along. Certainly they talk a lot about the cost. They say that they can run the whole-day program

at a more reasonable cost than the school board can even run the before-and-after programs.

You said you think it should be considered as an entitlement program. Are you factoring in the cost of running the programs at all in your thoughts?

Ms. Zeenat Janmohamed: I have two responses to that. Those agencies that claim to be able to offer low-cost programs are offering low-cost programs on the backs of the educators. The salaries in those agencies are significantly lower than they would be in the public system. As an advocate who happens to be a researcher, I'm not interested in supporting a program where people don't get paid what they deserve to get paid.

My second point is that if the extended-day programs are in fact operated by school boards, there is a huge opportunity and a significant need for agencies like the Y to take up, in a more fulsome way, the delivery of programs for younger-age children and their families. We have a huge need for that, and we have far too many children whose families need to use unlicensed, unregulated care, where we know—and I don't need to point out the examples to you—that sometimes that care is dangerous. For me, in my conversations with those kinds of operators, my question back to them—and this is actually happening in Ottawa. There are huge non-profit agencies there that have made a conscious decision not to enter into the extended-day program because they see that that's a school board responsibility now. However, they're re-engineering their agency to meet the needs of younger-age children. So I think that there's a role for that kind of work that needs to be done.

Mr. Toby Barrett: Briefly, which northern school board and which urban board are you referring to, which schools—

Ms. Zeenat Janmohamed: The northern school board is Rainbow District—

Mr. Toby Barrett: Rainbow?

Ms. Zeenat Janmohamed: Yes. And our urban is Ottawa-Carleton public school board. It's happening in Simcoe, Waterloo, the French boards; London is under consideration. The Toronto school board has not made its decision yet. So there are a number of other school boards that are thinking about it but need some support and direction.

Mr. Toby Barrett: You make reference to having school boards operate programs for children four to 12, and savings can be passed on for the underserved zero to three-year-olds.

Ms. Zeenat Janmohamed: Yes.

Mr. Toby Barrett: But you're not talking about zero to three-year-olds in the public school system, are you?

Ms. Zeenat Janmohamed: I'm not opposed to that idea if it's feasible, but I do think that at this point, the reality of the school boards is that the focus will be on 3.8 and up.

Mr. Toby Barrett: And it's unconscionable that early learning programs in schools should be privatized. But, actually, it's the other way around, isn't it? Right now, the parents who take their child to a private sector daycare service—we're seeing the trend as going the

other way, where the school board will be taking that over, the way you're—

Ms. Zeenat Janmohamed: That's true for the four- and five-years-olds' full-day kindergarten program but it's not true for the other age groups. What I see in this amendment is an opening for significant private operators entering our school systems because there will be a temptation to go for the lowest-paid—or, rather, the lowest-cost—program. With that comes some concern and sometimes some danger. I think that we have to be careful about that opening.

Mr. Toby Barrett: So the public approach is higher costs. Where are the savings? Where do you find the savings? Elsewhere?

Ms. Zeenat Mohamed: The savings come from—I'll use Ottawa as an example. They opened up their extended-day programs to four-, five-, six-, seven-, eight- and nine-year-old children. The programs are fully enrolled. There are significant demands, and when you have that level of consistent enrolment it means you have adequate revenue to support the program.

Mr. Toby Barrett: So it's cheaper to do it that way?

Ms. Zeenat Janmohamed: I wouldn't say cheaper; I would say it's cost-effective.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

TRILLIUM ENERGY ALLIANCE INC.

The Chair (Mr. Pat Hoy): It's my understanding that our next presentation from SEIU does not have their people here—is that correct?—and would switch with Trillium Energy Alliance. If you're still agreed, we'll hear from Trillium Energy Alliance Inc.

Thank you very much for coming early and accommodating the committee. We appreciate that. You have, as you may have noticed, 10 minutes for your presentation. There could be five minutes of questioning. This time, it'll come from the NDP. Just state your name before you begin.

Mr. Jeff Mole: My name is Jeff Mole.

I'd like to start with a quote from Sir Adam Beck: "The gifts of nature are for the public." Speaking about Ontario, he said, "Nothing is too big for us. Nothing is too visionary."

In our vision, Ontario communities will develop local energy resources for the benefit of all.

0850

A co-op is a business run by a group of people who get together to develop a business that meets their needs and provides member benefits. Our members need a sustainable way of developing renewable energy resources, and they benefit by being in control of the projects and the process. The public also benefits because surplus revenues are used to create jobs and build sustainable communities.

I'm the founder of Ontario's first non-profit renewable energy co-operative corporation in Muskoka. Trillium Energy Alliance Inc. is a group of experienced com-

munity power enthusiasts using that template to develop 49 copies of the model in every region of the province.

We have built a model that proves the concept works. The province can help by clearing away the financial hurdles that stand in the way of successful community power projects.

I'm asking the committee to consider including the following in the Ontario budget:

- a loan guarantee program to enable public-benefit organizations to fund environmental costs for the development of renewable energy projects;

- a loan guarantee program to enable public-benefit organizations to fund the capital costs of developing renewable energy projects;

- a grid capacity guarantee program allocating \$1 million per megawatt of public-benefit community power to fund the capital cost of building or upgrading the transmission capacity to deliver our product;

- an increase in the budget of Infrastructure Ontario to specifically allocate \$100 million to permit loans to public-benefit organizations that require capital for the development of renewable energy projects; and

- a one-time allocation of \$500,000 to enable Trillium Energy Alliance Inc. to fund the costs associated with developing 50 public-benefit community power co-operatives in Ontario.

According to the Brundtland commission, sustainable development means that which meets our needs "without compromising the ability of future generations to meet their own needs." It is not sustainable to allow private corporations to acquire the tangible benefits from public energy resources.

The feed-in tariff program represents a big investment on the part of energy consumers of Ontario. We need a feed-in tariff program in Ontario. With it, we can ensure that energy projects are financially viable and will benefit communities. Without it, communities will not be in a financial position to build the infrastructure needed for future generations.

The co-ops we develop will use cash flow provided by the energy consumers of Ontario to service the debt and associated operating costs. By law, any surplus would be used to enhance the well-being of the community.

We have a business case that we think helps the government get better value from the feed-in tariff program and makes the program more sustainable. There are hurdles, but they are not difficult to overcome.

I hope that all parties will work together to develop policies that support community power. I expect that all parties will see the benefit in supporting policies that pave the way to enabling community power for Ontarians. Implementation of these policies will undoubtedly clear away most of the hurdles that we have identified.

We have a dedicated board of directors with considerable experience in community power projects across the province. We need the support of the province to help us facilitate public-benefit community power. Specifically, I'd like you to consider if it makes sense to help public-benefit co-operatives own these projects so sur-

plus revenues can flow through to help enhance the well-being of host communities for now and for future generations.

If so, here's what else we need: We need the government to level the playing field between private-benefit power developers and public-benefit community power developers. We need directives from the Minister of Natural Resources, the Minister of Energy, the Minister of Municipal Affairs and the Minister of the Environment. We need the Minister of Natural Resources to tear up applications made by private-benefit corporations for public land under the old site release program. We need the right of first refusal to develop public resources for the benefit of all. We need priority access to the grid, ahead of private developers. The government can help us ensure that surplus revenues from the FIT program are used to help ensure the sustainability and well-being of local communities across Ontario.

I welcome the opportunity to answer your questions and share how we plan to work with your constituents to facilitate public-benefit community power. I verily believe that the measures described here today will mean a better tomorrow for Ontario.

Thank you for your time.

The Chair (Mr. Pat Hoy): Thank you. We'll go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Mr. Mole, thanks very much for the presentation this morning.

Mr. Jeff Mole: Thank you, Mr. Tabuns.

Mr. Peter Tabuns: I assume that you've looked at the experience of other countries. Can you tell us how community power, community-based co-ops, have helped facilitate the development of renewable power in places like Germany or Denmark?

Mr. Jeff Mole: To be honest with you, I haven't looked hard at Germany and Denmark. I know they do rely on the co-operative model. The difference that we're proposing with a lot of what's being done around the world is that most co-operatives are selling shares, so the shareholders benefit. What we're doing—we don't have any shares to sell. We have no investors. This is not a get-rich-quick scheme or a retirement plan for certain investors. This is truly for the public benefit, so we need to finance these projects using debt. That's the only way that we can do it, and as long as we have access to that capital—and by providing us with these loan guarantee programs, we will now be able to go to outside sources and get the financing that we need to get these projects out of the ground and producing clean energy for Ontario. I hope that answered your question.

Mr. Peter Tabuns: That does. And you've been talking to people across Ontario, if I understand your presentation correctly.

Mr. Jeff Mole: Yes, absolutely.

Mr. Peter Tabuns: What has the response been?

Mr. Jeff Mole: I've heard the word "brilliant" numerous times. It's quite easy to recruit board members. We need to recruit 300 to 500 board members to sit on these boards across the province. These are members of the public from the communities who are interested in sup-

porting community power, who want to do the right thing. They're there to provide oversight for the corporation so that it acts responsibly, and to make sure that the public is engaged in the process. But quite clearly, there is a great deal of support for this initiative.

Mr. Peter Tabuns: I don't have further questions. I thank you for that. It's very useful.

The Chair (Mr. Pat Hoy): And thank you for your submission.

SEIU HEALTHCARE

The Chair (Mr. Pat Hoy): Now, is SEIU Healthcare ready to present? Very good. Good morning. You have 10 minutes for your presentation, and there could be up to five minutes of questioning. This time it would come from the government. I'd just ask you to state your names before you begin, for our recording Hansard.

Mr. Eoin Callan: My name is Eoin Callan, and I'm joined by Abdullah BaMasoud. Thank you to the Chair and thank you to the committee for the opportunity to appear this morning. We certainly appreciate it.

We're with SEIU Healthcare, which advocates on behalf of 50,000 front-line health care workers in Ontario, folks who work in hospitals, nursing homes, retirement homes and out in the community in the home care sector. It's diverse, membership-based, predominantly female, from a variety of backgrounds. It includes nurses, personal support workers and other medical professionals.

As an organization, we're committed to forging a constructive partnership with health care providers, with government and with business to find innovative solutions that drive quality and value while maintaining our public health care system.

In this submission, we'd like to make a recommendation regarding schedule 15 in Bill 173, an amendment to the Freedom of Information and Protection of Privacy Act. It's a small and fairly discreet line in the overall budget bill, but it's one that has garnered considerable attention. During the course of today, you will likely hear from others—from nurses, from patients, other important stakeholders in our hospital system—about this aspect of the bill.

0900

I want to start by dialling the clock back for a moment and praising the Broader Public Sector Accountability Act, which received royal assent on December 8, 2010.

The accountability act took an important step towards rebuilding public trust, after a series of revelations that alarmed and offended taxpayers' sense of fairness. Members of the public in Kitchener, Chatham, Humber, Parry Sound and Markham had begun losing confidence after a series of revelations about hospital CEO pay and lavish spending by hospital executives and hospital consultants revealed by the Auditor General and disclosed by government. The outsized salaries of hospital CEOs and millions spent on junkets for consultants left Ontarians questioning whether they were getting value for money out of their investments in health care, investments of

their tax dollars, and whether funds were being handled appropriately. So the Broader Public Sector Accountability Act promised to restore that trust by introducing transparency and accountability.

At the time the Broader Public Sector Accountability Act was introduced, the Minister of Health in this Legislature described it as a process of pulling out the fridge: It's not something you want to do, there might be a mess back there, but at the end of the day, it has to be done. You have to bring sunlight and you have to be ready to expose and to clean up misuse of public funds that would otherwise erode public confidence.

The act included an important measure: It ensured that hospital CEOs would be judged by performance, judged by their ability to improve quality, and that their pay and expenses would be disclosed and measured against that performance. Importantly, the act allowed for boards of hospitals where hospital CEOs did not perform to expectations, where they did not play by the rules—those boards could claw money back from hospital executive compensation. Basically, taxpayers would be paid back by executives raking in six-figure salaries if they didn't perform and didn't play by the rules, and importantly, their performance would be judged by quality.

The principle of the act was that sunlight makes for the best disinfectant, that there were clearly, in the Auditor General's report, in other public disclosures and the government's own assessment, significant challenges in the hospital sector. In effect, a culture of entitlement, a culture of lack of accountability, had taken hold and was beginning to show up in ways that the public found offensive.

What you are now being asked to do by passing this amendment is to block out the sunlight, to rush the fridge back into place before the situation has been cleaned up. Effectively, what this amendment will mean is that hospital CEOs will not ultimately have to be held accountable. They will not be accountable to the public. It will not be possible to judge them by the quality of performance of their management teams and their hospitals, so that taxpayers will be unable to determine if indeed they've gotten value for money.

So you're being asked to restore a culture of entitlement. You're being asked essentially to send a message to the upper echelons of the health care bureaucracy and health care elite in this province that you want to return to business as usual. The Ontario Hospital Association and CEOs from across the province have approached government, they've approached multiple stakeholders, and they've essentially sent the message that while a degree of accountability and transparency might have been necessary to introduce in the wake of the Auditor General's report and in the wake of public outcry, at the end of the day, they don't really want to see meaningful change in the way that hospitals manage their budgets, in the way that CEOs are remunerated or in the way that consultants and executives are retained and funded by hospitals.

The principle that the hospital CEOs are operating under is that the public wouldn't understand; that if the

public had full disclosure and full transparency, they wouldn't understand. And they're right: The public doesn't understand CEOs getting 81% increases in pay over a five-year period out of tax dollars. The public doesn't understand senior health care bureaucrats collecting \$760,000 in severance payments when they are no longer working to better our health care system.

The public doesn't understand, and the public won't understand, if members of this committee vote for this amendment. In Parry Sound, in Muskoka, in Norfolk and Haldimand, members of the public will see this as a vote for runaway hospital CEO pay, because that's what it is.

We're encouraging folks to take note of the fact that this amendment was introduced on March 29, and it was introduced due to what the Minister of Health has publicly acknowledged was a campaign of persuasion on the part of hospital CEOs, who insisted that they could be trusted, that they would behave in a reasonable fashion, that without full transparency and accountability, they could be relied upon to address public concerns and to address the concerns of policy-makers.

Yet within a few days of this amendment being introduced on March 29, we had the disclosure of the sunshine list. The sunshine list showed once again that without accountability, without transparency, without an ability to measure and evaluate quality, we get runaway hospital executive compensation.

Humber River Regional Hospital, the March 31 sunshine list showed, rewarded its CEO for underperformance with a 10% increase in salary. At St. Michael's, a few blocks from here, the CEO took away a 14% increase in compensation, despite having significant quality challenges at that hospital. So while CEOs took in 10% and 14% pay increases, their hospital budgets only increased by 1.5%. They are taking more than their fair share. At Sunnybrook hospital, the executive team there took away \$3.2 million in taxpayer funds that could have gone to front-line care.

We also saw that the race for the top-paid CEO in the province is on, with as much drive as ever. We have a new highest-paid hospital CEO in this province, Clifford Nordal, in the London area, who took in \$833,000 for one year without having to demonstrate improvements in quality, and who will never have to demonstrate improvements in quality if we pass this amendment.

The Chair (Mr. Pat Hoy): You have about a minute left now.

Mr. Eoin Callan: At Southlake hospital, after taking home an 81% increase in his compensation package, the CEO of the hospital accepted a position with a private medical company that had been doing business with Southlake hospital. He got, as a signing bonus, \$2 million. That was merely his signing bonus. So you've got a hospital executive who has made off with about \$5 million in the past year and a half. This is precisely the type of excess that so deeply offends your constituents and that this act, the Broader Public Sector Accountability Act, was designed to address, and that this amendment would now undermine and roll back.

There have been concerns expressed by other stakeholders about disclosure of quality leading to problems around legal accountability, so I'll finish with one sentence from Ken Anderson, who is from the Office of the Information and Privacy Commissioner of Ontario. The office provides independent reviews of government decisions and practices concerning access and privacy under the freedom-of-information act. He stated, "I would like to emphasize that designating hospitals as institutions under the Freedom of Information and Protection of Privacy Act would not interfere with the effective and efficient delivery of health care...."

"Existing protections limiting the disclosure of quality-of-care information, as defined under the Quality of Care Information Protection Act, would have no interference."

You've got an independent view telling you that the Broader Public Sector Accountability Act would not interfere with the operations of our hospital system or the delivery of quality care, yet you're being asked to approve a blanket measure that would allow hospital CEOs to escape accountability.

I'll stop there. Thank you.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government. Ms. Pendergast.

Ms. Leeanne Pendergast: Thank you, Eoin and Abdullah, for being here and for your presentation. You have clearly done your homework, and I thank you for this presentation. There's a lot in here that we didn't get to cover, and I've tried to glance over it as quickly as possible.

I have two questions, and I'll keep them fairly general, in order to give you a chance to give me some feedback. My first question is about the balance that you talked about currently in the act, and the quality and transparency.

0910

In a former life, I was a high school vice-principal, so I dealt with a lot of fights, for instance. I'll just give you a scenario. When I dealt with a student who I needed to get information from, who was on the front line, who felt intimidated or uncomfortable giving me information, if that student knew that, perhaps, all of the information he or she shared wasn't going to be disclosed, I found that I had a better success in getting information, as opposed to getting nothing.

I guess the question is, how do we continue to strike that balance between accountability and transparency?

Mr. Eoin Callan: I think it is vital to strike a balance, and the example you cite from the education sector does have some corollaries in the health sector.

You're right, also, to note that on pages 4, 5, 6, 7 and 8 of this submission there is a fairly detailed assessment of where that balance is currently struck within the act and within previous acts, because the difficulty that you describe is well understood by professionals who are responsible for protection of privacy and information in the province. That's why Ken Anderson independently came to the conclusion that the act would not interfere with the ability to gather this type of information.

As it stands, the Broader Public Sector Accountability Act allows hospital executives to refuse to disclose a record that reveals the substance of deliberations of a meeting of a governing body or a committee of the governing body of a hospital. It also allows solicitor-client privilege, which is protected under the act, and exceptions are given to a whole range of categories, such as hospital foundation activity, the administration of records of members of regulated health professions—so anything that relates to the member's personal practice—and clinical trials. So there are significant carve-outs within the act and within other pieces of legislation that continue to provide protections, which is why the information officer has come to that conclusion.

If you wanted to create greater protection to encourage fuller disclosure and fuller discussion, there are a number of ways in which one could attempt to further fine-tune those protections. This amendment, as proposed by hospital executives and adopted at their persuasion, doesn't do that. It's a blanket measure. You're being asked to throw a large blanket of protection of secrecy over anything related to quality within a hospital, and quality care makes up the core, the essence and many of the functions that hospitals perform for the public.

It's also, again, a crucial measure by which the performance of hospitals and executives can be judged. So getting at the issue that you've raised is important. We think the current provisions of the act do that. If you wanted to go further, this would not be the way to do it.

Mr. Abdullah BaMasoud: Just to add to that, we already have an act, the Quality of Care Information Protection Act, and the Ontario Hospital Association has stated that this act has been drafted specifically to address the issue of the protection of quality-of-care information from disclosure and legal proceedings. This act basically protects the sensitive quality-of-care information, and at the end of the day, we have a balance between the accountability and the need to protect our health care workers.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CURRENT MANAGERS WITH SPLIT PENSIONS

The Chair (Mr. Pat Hoy): Now I'd ask Current Managers with Split Pensions to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this case, it will come from the official opposition. I'd just ask you to identify yourselves for our recording Hansard, and then you can begin.

Ms. Valerie Jones: Thank you, Chair, Vice-Chair and members of the committee for allowing us the opportunity to speak to and comment on Bill 173 and to provide a written submission.

We are a delegation representing the Municipal Property Assessment Corp. management employees. We were formally employees of the province of Ontario. Our group is called Current Managers with Split Pensions.

My name is Valerie Jones. I'm a member of that group. Today with me: Joe Kreppner, another member of the group and on our executive; and Jim Petrin and Peter Gamble, all members of the Municipal Property Assessment Corp. management group.

On December 31, 1998, we were divested from the province of Ontario and our pension provider. Therefore, we currently have split pensions. The sum of those two pensions is considerably less than what one pension would have provided. The current government has shown strong commitment to correcting this situation.

Bill 236, the Pension Benefits Amendment Act, which received royal assent on May 18, 2010, provides for the transfer of pension funds in the case of an amalgamation or divestment from the original pension plan to a successor pension fund. That's under section 80.1 of that act.

Currently in Ontario, there are literally thousands of people waiting for the implementation of this legislation before making their decision to retire. What we're respectfully asking this panel to do is to recommend or cause to be made a further amendment to the currently unproclaimed section 80.1 of the Pension Benefits Act by adding a provision that would provide a dual pension holder the opportunity to combine their pension if they leave their employ as of the date of the passage of the legislation under Bill 236, that being May 18, 2010.

The current situation has legislation in place, but the regulations have not been promulgated, and the subsequent agreement of all parties in place—those are conditions that are stipulated in that legislation.

The Honourable Dwight Duncan, Minister of Finance, stated in the Legislature on March 30 this year, "Those regulations will be promulgated shortly. We have been working on them. That particular regulation is at the top of the list." But the honourable minister went on to say that "the regulations will likely take us back to the date of the passage of the legislation," words that were very encouraging to current employees in this pension situation and words that certainly indicate the government's desire to resolve the issue.

I guess the question is: Why do we need you to have an amendment to Bill 173, An Act respecting 2011 Budget measures, interim appropriations and other matters? That bill does currently have technical amendments to the Pension Benefits Act under schedule 35, and we hope that our proposed amendment could be included in that schedule.

We know that the regulations for this complex subject take considerable time, and we're certainly understanding of that process. The next part of the process after the regulations are filed: We need the approval of all parties and a transfer agreement by all parties. That process can take a year or more. We have a subject matter expert, and that subject matter expert has given us one to two years for that process to take place. Therefore, any current employee knows that the legislation has been passed and knows that the government has a strong desire to enact that legislation, but can't retire or do anything because they have to be employed by their employer up until the

date currently, until the regulations and the agreements have been passed. So they're sitting in limbo, if you will.

Employees in communities across Ontario have already postponed retirement, in some cases for up to 10 years, since 1998. The negative impact to these communities and families are—and I think these are very real—that these dedicated people are not in a position to extend their volunteer commitments in their communities, and many have expressed a strong desire to do so. They are working while they're ill or in declining health through postponed retirement. They're unable to care for or support infirm family members, and importantly, new job opportunities are not opening due to the normal attrition process that would normally have happened.

Our employer, MPAC, is not able to create and implement succession plans. It's an unknown environment. There are missed opportunities for the government to reduce public sector costs. So what we're imploring you to do is to create an amendment within the legislation, Bill 173, that would allow these employees, both management and non-management, to retire, knowing that when the process is finalized, whenever that is, they would still have the right to a single pension and that right would be protected and they could get on with their lives.

0920

Basically, I want to thank you very much for listening to us. I think what we're asking for is fairly simple in terms of the legislation under Bill 173 and certainly would resolve a complex issue and allow people to get on with their lives. That's what they're really asking for.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the official opposition. Mr. Miller?

Mr. Norm Miller: Thank you very much, Valerie and others, for your presentation today. Certainly, I'm familiar with your issue. I would say that I've had MPAC employees in my riding who have, exactly as you stated, postponed their retirement, waiting for this problem to get solved.

I guess I have a question for the Clerk, first of all, though. You're proposing an amendment so that people don't have to keep postponing that retirement until this problem is solved, essentially.

Ms. Valerie Jones: Correct.

Mr. Norm Miller: You are suggesting that section 35 of Bill 173 might be the means to amend that to solve this problem.

Ms. Valerie Jones: Schedule 35 contains amendments to the pension act.

Mr. Norm Miller: So I'd ask the Clerk, then—because sometimes we propose amendments and then when we get to the stage of going through clause-by-clause, I learn that, "No, I'm sorry, that's not in order because this bill isn't dealing with it." I'd ask the Clerk the question—sorry, the researcher—if the amendment, as they're proposing, will be in order if we go through the process of making an amendment, as is requested by this group.

The Clerk of the Committee (Ms. Sylwia Przewdziecki): Generally, an amendment that would

open up an act or a section of an act that is not open in the amending bill would be out of order. That's the general rule. I would have to look through the bill and see a copy of the amendment to be able to further advise.

Mr. Josef Kreppner: If I may, just as possible assistance, schedule 35 of Bill 173 already contains technical amendments to the Pension Benefits Act and specifically the unproclaimed section 80.1 of the act, which is the same section that we're asking be amended.

Mr. Norm Miller: I don't want to put you on the spot right now, Clerk, but perhaps you could provide me with a definitive ruling on whether we're able to make this amendment. If so, I can assure you that we, as the official opposition, will propose that amendment.

The Clerk of the Committee (Ms. Sylwia Przewdzicki): Okay. Yes.

The Chair (Mr. Pat Hoy): We'll take that under advisement, then.

Mr. Norm Miller: Very good. I would simply say that all their members—I know that Jim Wilson has on many occasions brought this issue up in the Legislature as well, not just to do with MPAC workers but also paramedics, I think, are affected by the same issue.

Thank you for your presentation. We'll see the response we get in terms of whether what you're proposing is in order.

Ms. Valerie Jones: Thank you very much for your—

Mr. Josef Kreppner: If I may, I'd also want to point out that Mr. Miller is quite right, that there has been—we certainly appreciate the support that Mr. Miller has shown in the House, and Jim Wilson. On the government side, Dave Levac from Brantford and Wayne Arthurs have also continually supported us in this and are also, I believe, supporting this proposed amendment.

Mr. Norm Miller: That's a very good thing to point out because when it comes to voting for the amendment, if I do propose one, you'll note that there are more members on that side than there are on this side. It's kind of important that they think it's a worthwhile amendment as well.

The Chair (Mr. Pat Hoy): Thank you for your presentation before the committee.

Ms. Valerie Jones: Thank you very much.

ONTARIO COALITION FOR BETTER CHILD CARE

The Chair (Mr. Pat Hoy): Now I'd ask the Ontario Coalition for Better Child Care to come forward, please. Good morning, you have 10 minutes for your presentation. There could be five minutes of questioning, this time from the NDP. If you'd just state your name before you begin.

Ms. Andrea Calver: Terrific. Thank you very much. My name is Andrea Calver. I'm the coordinator of the Ontario Coalition for Better Child Care. Our organization is Ontario's advocacy organization for universal and affordable child care.

We're here today because embedded in Bill 173 is schedule 10, which contains some significant changes to

the Education Act. Schedule 10, as you probably know, will allow school boards to contract with third parties to run extended-day programs as part of Ontario's new early learning program. Members of our coalition were, quite frankly, shocked that the government did not limit the ability of school boards to contracting solely with not-for-profit providers.

This proposed legislation does a major disservice to school boards. By allowing and opening the door to corporate and for-profit child care in our public schools, the legislation leaves school boards vulnerable to entering into controversial contracts that allow private companies to profit from programs in public schools serving Ontario children.

Research has clearly demonstrated that not-for-profit early learning and child care programs, on average, provide a higher quality of care than for-profit operators. With Our Best Future in Mind envisioned the extended day within the publicly operated system of education and that all expansion of new early learning and child care programs be through Best Start child and family centres, operated by municipalities, school boards, post-secondary institutions or not-for-profit agencies. With the amendments to the Education Act to permit third party delivery, we would state in the strongest possible terms that the legislation must ensure that third party providers are not-for-profit organizations.

Over the last few years, we have seen the growth of corporate, for-profit child care operators. In 1998, our coalition toured the province to sound the alarm about a new child care company that sent letters to many of our child care programs, asking if they were interested in selling their centres. Since then, Canada has seen a new child care corporation listed on the Toronto Stock Exchange. That company has expansion plans that include Ontario. Whether it's a large chain or a single owner-operated child care centre, we believe that for-profit child care should not be permitted to operate extended-day programs, and we strongly recommend that the legislation specify that school boards can only enter into contracts with not-for-profit providers.

We also can't expect school boards to understand all the nuances of today's child care system. Requiring contracts with not-for-profit operators will prevent school boards from inadvertently contracting with for-profits and will prevent the inevitable controversy among parents, many of whom will question whether those profits are at the expense of the quality of care for their children.

In addition, by allowing school boards to have third party operators for the extended day program, we believe the Ontario government is shifting responsibility for the extended day on to Ontario's underfunded and poorly supported patchwork of early learning and child care programs. The move away from the school boards delivering extended day is a move away from a publicly operated and universal system. As a result of chronic underfunding, Ontario only has enough licensed child care spaces to serve 20% of children, and child care operators will not be able to operate universal programs.

School board delivery of the extended day would have saved \$119 million in wage subsidy funds. That money was to be reinvested in stabilizing child care programs serving younger children. Without school board delivery, there will be no savings to be reinvested in programs, and the Ontario government must make up for that loss of funding.

The Ontario Coalition for Better Child Care called on the Ontario government to invest \$100 million in 2011 and an additional \$200 million in 2012 in new permanent provincial funding to stabilize child care programs by limiting parent fee increases and raising the wages of early childhood educators. There was no new funding in the 2011 budget, and that lack of funding means that parent fees will continue to rise. Many parents are paying \$10,000 to \$15,000 a year per child for licensed child care. Every time fees rise, we know that fewer and fewer families can afford child care. Without parents who can afford to pay that full cost, many centres will no longer be viable and may have to close. The lack of funding will also mean that child care centres will have to continue to deal with the shortage of qualified staff. That shortage often means licensed child care centres do not operate at full capacity, intensifying the crisis for parents who need a child care space.

The Ontario Coalition for Better Child Care and our community of early learning and child care programs supported the vision of a system of early learning for all children from infants to 12 years old that was at the heart of the report *With Our Best Future in Mind*. We did everything we could to educate early childhood educators and prepare child care centres for change and transition. Today, we don't recognize that vision in the current implementation of the full-day kindergarten program.

0930

Early learning and child care programs face an uncertain future. Financial pressures from chronic underfunding, along with impacts from the early learning program, will mean that many centres close and many centres serve fewer children. Ontario does not have enough child care. We cannot afford to lose child care programs.

Early learning and child care are good for children. In the past 12 years, we've learned how high-quality early learning programs help in brain development and socialization of children. Child care is good for children. It's also vital for families. Seventy per cent of mothers with children under five are in the workforce, so parents are desperate for good child care with affordable fees. Child care is important for Ontario's economy.

I would encourage each member of this committee to propose amendments to Bill 173 that would strengthen Ontario's early learning and child care system. Ontario can't work without child care.

In the consultations leading up to this legislation, we were asked to give our thoughts, and we have attached to our submission additional recommendations to ensure quality in extended-day programs. Thank you.

The Chair (Mr. Pat Hoy): Thank you. Now we'll go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Andrea, thanks very much for that presentation. Can you tell us what you've seen in terms of child care centres trying to come to grips with the new reality? You talk about rising fees. Can you cite examples of centres or regions where this is becoming a very large problem?

Ms. Andrea Calver: Yes. We have a sector-wide survey, and it has shown that many child care centres are projecting that their fees will increase anywhere from 15% to 30%. Just a couple of days ago, a London child care program came to Queen's Park to talk about some of the impacts that the early learning program is having on their centre.

We need stabilization funding, because the early learning program will move four- and five-year-olds out of child care centres and into schools. That's not in itself a bad thing, but if child care is being asked to specialize in younger children, we need to be properly funded for that.

The most likely impact of specializing in younger children is that our fees will rise, because younger children require more staff and they are more expensive to care for. The most likely impact for every single child care centre asked to specialize in infants to four-year-olds is that they will see their fees go up. Unfortunately, we worry that the cost of child care is very much out of the reach of the average family in Ontario today.

Mr. Peter Tabuns: Have you seen evidence in other jurisdictions where private, for-profit daycares have moved in and displaced non-profit daycare centres? I'm not talking just about Ontario, but other provinces or other countries.

Ms. Andrea Calver: When we sounded the alarm over corporate and for-profit child care, it was because of a company called ABC Learning Centres, out of Australia. That company moved in and took over—bought up—enormous amounts of child care. The company went bankrupt and caused a massive crisis in Australia. The government ended up on the hook for keeping child care centres open because child care is such a critical part of the economy. The bankruptcy of ABC Learning Centres sent shockwaves throughout the Australian economy. They profited from children, and then in the end, their bankruptcy cost the government a lot of money. That's not a vision for early learning and child care programs that we wanted to see happen here.

We campaigned across the province. To date, the company registered on the Toronto Stock Exchange has not opened new programs in Ontario, but they're radically expanding in Alberta and British Columbia, and their expansion plans include Ontario. If you think they're not going to look at 4,000 schools and their extended-day programs as a business opportunity, you're mistaken; they will. There will be school boards who enter into these contracts if they're not required to deal with not-for-profit operators. This is a significant disservice this government would do to school boards if they allow school boards to go down that path.

Mr. Peter Tabuns: Thank you very much.

Ms. Andrea Calver: Thank you.

The Chair (Mr. Pat Hoy): And thank you for your presentation.

MS. KIM HESSELS

The Chair (Mr. Pat Hoy): Now I'd ask Kim Hessels to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. In this case, it would come from the government. Please state your name before you begin.

Ms. Kim Hessels: Kim Hessels.

Dear esteemed committee members, thank you for allowing me the opportunity to speak to you today. My name is Kim Hessels and I live and am involved in the community of Dunnville, a town in southern Ontario.

I would like to express my respectful disagreement with the proposed amendment to Bill 173, schedule 15, based on my research into a number of currently existing public policies within Ontario's health care system. In my opinion, these existing policies put Ontario's citizens at risk, as they appear to discriminate against the vulnerable as they prioritize resources above patient safety. Please allow me to explain the reasons for my opinions.

For example, few people know about the Fetal Alert Network, FAN, a database established through the Ontario primary health care transition fund through the Ministry of Health and Long-Term Care. From the training materials provided for FAN, their position for initiating this database is evident, as it states the economic and social impact of birth defects and the importance of early diagnosis for the purposes of intervening early in the pregnancy. FAN educates the medical system with pictures of malformed children placed next to monsters and mermaids in a way that dehumanizes them. Please see this training material as referenced in section 1 of my handout of references.

As a mother of a child with special needs, the intended reference of a disabled child categorized with a mythical creature is disrespectful, and it causes me great alarm that my child's health care provider may have been trained with this material.

The Ontario Ministry of Health and Long-Term Care's assistive devices program, specifically the section titled "Acceptable Evidence of Medical Eligibility," reference number 2, is also a concern of mine. It states that infants with a pre-existing condition are not eligible for the funding of a monitor.

I also have concerns with the critical care strategy, number 3, which formed in 2005, as it appears to have developed a restriction to admission to the critical care unit. There was no public involvement in, nor is there public awareness of, this issue.

The wait-list strategy, number 4, also from the Ministry of Health and Long-Term Care, was done without public involvement as well. The public was not involved or consulted in the development of the wait-list strategy, as there were published concerns over the consequences of the class system that would be placed on patients needing care.

My final example is that I am concerned about the manner in which narcotics are used in the critical care unit. A research study done by the department of forensic science at Laurentian University in Sudbury, Ontario—number 5—revealed that the narcotics administered to two infants at time of death were in such excessive quantities that two well-respected American pathologists responded in a published letter to the editor that the deaths were "clear-cut homicides."

Based on what is obtainable, I am truly alarmed. I see a health system that dehumanizes children with malformations, that there are prioritized levels of patient care, private requirements regarding admission and treatment in the ICU, and it is legitimately documented that infants appear to have been euthanized in Ontario hospitals. This leads me to wonder what documents have been or could continue to be concealed by the hospitals that relate to prioritization or rationing and discrimination, should the amendment be passed.

It seems clear to me that schedule 15 will prevent me and others from gaining access to documents to better understand how our hospitals are run regarding who gets care and who does not. Who is considered low priority, and on what basis? What is happening with narcotics in the critical care unit, and what policies relate to that?

0940

I believe the public has a right to know and to be involved in policies of this magnitude. Based on what information is currently available, I believe I have justifiable concerns. Further, in October 2010, the Osler law firm—reference number 6—issued a bulletin in regard to Bill 173 warning hospitals that there will be access to certain documents, and they advised the hospitals to "cleanse" their records.

In my opinion, I believe it is time for Ontario citizens to have full transparency and accountability in all matters related to the health care they receive. I also believe that our health care should reflect the human and democratic right we each have as Canadians to have a quality health care system regardless of age, race, ability or gender.

Therefore, I urge each committee member to reject the proposed amendment to Bill 173, schedule 15.

Thank you again for your time, and for your service to this great country.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go the government. Ms. Pendergast.

Ms. Leeanna Pendergast: Thank you, Kim, for being here this morning and sharing this information with us. I believe that we may have met at another presentation. Is that right? I think you've been an advocate for quite some time. The material that you're presenting—there's a lot of information here. Thank you for that. You've clearly done a lot of research, and we appreciate that.

I haven't had a chance to go through all of it because I was being attentive to your presentation. I just had two areas that I wanted to touch on, if that's okay. The first is about that balance that you're talking about at the very end of your presentation, so schedule 15 and then, "In my opinion, I believe it is time for Ontario citizens to have full transparency and accountability" in health care.

That's what we're hearing this morning from presenters: How do we find that balance between full accountability and disclosure? As I said earlier, I think you were here about being a vice-principal and having to find that balance—"You need to tell me sensitive information and I need to share that, but I need to protect your rights at the same time."

I just wanted to share with you something that I came across; a presentation from the CMPA, just to give another side of the story as well. They say in their deposition that "the CMPA recognizes that it is natural that there may be a desire to provide a patient who has suffered an adverse outcome with as much information relating to the event as possible." Some may also advocate for public disclosure of such information. "However, in many cases the disclosure of quality assurance ... records will not necessarily assist the patient" or the public "and could seriously undermine the laudable societal objectives of" quality improvement initiatives.

What would you say to the CMPA?

Ms. Kim Hessels: In my opinion, I would say that in any other business you'd have to consult the customer to understand what kind of services you need to offer. I think that should be true in health care as well. We may not have all the answers or the right answers, but as parents and as citizens, we'd like to be involved.

Ms. Leeanna Pendergast: Okay. Could I ask one more question about one of your studies?

Ms. Kim Hessels: Sure.

Ms. Leeanna Pendergast: I'm fascinated—the BMC Health Services Research. We just have the first page. It's a 2007 study, and I'm just referring to your wait time comments. It would be interesting to see any studies that you have subsequent to 2007, because this government has done a lot of work in terms of wait time strategies, alternative levels of care, public engagement and consultations. Those are concerns that you mentioned. If you had anything subsequent to that, it would be great to take a look at it.

Ms. Kim Hessels: Okay.

Ms. Leeanna Pendergast: Okay. Thank you again for all of your work and your research and your time this morning.

The Chair (Mr. Pat Hoy): Thank you, and if you do provide any additional information, if you'd send it to the clerk, and then every member will get a copy of it.

Ms. Kim Hessels: Okay. Thank you very much.

ONTARIO PUBLIC SCHOOL BOARDS' ASSOCIATION

The Chair (Mr. Pat Hoy): Now I ask the Ontario Public School Boards' Association to come forward, please.

Ms. Catherine Fife: Good morning. My name is Catherine Fife. I'm president of the Ontario Public School Boards' Association. We represent almost 70% of students in the province of Ontario—elementary and secondary students. We definitely appreciate this oppor-

tunity to present this submission to the Standing Committee on Finance and Economic Affairs.

Schedule 10, for us, focuses on two main areas that I'd like to talk to you about today: the trustee code of conduct and the implementation of full-day kindergarten.

Specifically around some of the amendments to the Education Act: Our association is fully supportive of the efforts that the government has taken to provide a framework for the code of conduct. However, we do have some concerns that we'd like to raise with you with regard to some of the language.

First I'd like to say, though, that we have fully participated to date in the ministry's consultation regarding this issue, and it is our understanding that the final regulation will mirror the draft consultation document and include our recommendations that we have already submitted.

That said, there is some concern that the addition of a new paragraph, (i), will give the minister more power regarding mandated codes of conduct. Besides including matters or topics to be addressed in the code, the proposed amendment now adds paragraph (i), which states that the minister may prescribe or order an entire code of conduct or parts of codes of conduct.

We believe it's important that boards develop and implement their own codes of conduct. We believe that this is essentially an issue of autonomy of school boards. We are elected. The electorate holds us accountable on a daily basis, and sometimes for trustees in the province of Ontario that's in the frozen food section talking about French immersion. However, we would anticipate that any future regulation will include recognition and respect for the role of trustees. Once the regulation is filed, OPSBA will be providing its members a template for a code of conduct as well as a step-by-step process for the enforcement of the code of conduct.

We see that as our role as an association, to help member boards navigate through this process, but just for today's purposes I'd like to be clear that we believe that it's important that boards develop and implement their own codes of conduct. Therefore, we request that paragraph (i) be removed so that the minister's involvement is limited to prescribing matters to be addressed in the code of conduct only.

I'd like to move on to the issue of full-day kindergarten and the area of third party programs. We wholeheartedly support the full-day kindergarten program. We believe that this is one of the most ambitious and progressive programs for children in the province of Ontario. We see a natural continuum to have child care under the Ministry of Education and we think that this will strengthen education in the province of Ontario. We have been very vocal about the need for flexibility as far as options for third party providers, and we recognize that those concerns were listened to. We are supportive of the changes that allow for flexibility. The changes recognize those boards which currently use third party operators in their schools at present, and these arrangements are working very well. These are long-standing partnerships that are extremely successful and are very much in keeping with the values of the seamless day

envisioned in Dr. Pascal's report. We are also supportive of the requirements that require programs to be day-nursery-licensed under the Day Nurseries Act. That's an important issue of consistency.

The bill contemplates additional program conditions and criteria to be found in forthcoming regulations, policies or guidelines, and we respectfully request to be part of any consultation going forward on this issue.

Continuing on the theme around third party operators, the bill includes language that states that an operator of a third party program is not an agent of the board, and this is a useful clarification for school boards. But missing from the bill is any requirement for a third party operator to have not-for-profit status. We believe that no one should make a profit from the provision of child care in schools. Board-run extended programs are to operate on a cost-recovery basis, and it makes sense that the same principles would apply to third parties. We would support a requirement that third party operators be not-for profit but recognize that there are unique situations—for example, in our Far North schools and some of our rural areas where no other options exist—that may need to be addressed through a grandfathering provision.

We are very strongly supporting the preference for not-for-profit operators in schools. We think it makes a lot of sense. We have natural partnerships with our not-for-profit child care providers already.

I would like to reiterate, though, that our biggest concern is that all parents have access to affordable, high-quality care for their children, and it must be equitable across the province so that all children may benefit from the program.

0950

Some of the language, still on third parties: It is our understanding that this section is intended for non-planned closures, so this is the termination or cessation of a third party program. Under this legislation, school boards would be allowed seven calendar days to provide replacement programming, either delivered by the board or another third party. We believe that if school boards decide to partner with a third party, these agreements will be made based on proper due diligence to ensure responsible programming. Parents and children should not be left in a position with no care.

The extended-fee component of the full-day kindergarten is an ongoing issue that boards are facing. The recent revised fee regulations do attempt to lower the overall costs of the extended-day program and keep them closer to those fees offered by third party providers already existing in the community. OPSBA has compiled information on the base daily fee in its member boards, and it ranges from \$16.50 to \$33.50 a day, so that's a huge discrepancy. Some of these fees remain high due to current ECE salaries and special education costs.

As an association, we continue to monitor the implementation of full-day kindergarten and the costs for the board-delivered extended-day program. Fees need to be affordable for parents and similar to the fees that coterminous school boards and other community child care providers are charging for the same service.

Ultimately, cost will continue to be one of the key drivers for extended-day viability, and we are monitoring. There are currently four school boards in the province that are following the original plan that was put forward by the Liberal government, and we are delivering board-run extended-day programming. We're trying to monitor the successes of that programming, and the challenges, and we're reporting back to our member boards so that they can learn from that experience.

Around third party programs: The proposed amendments add that the minister may issue policies and guidelines and require boards to comply. This includes governing agreements, terms and conditions between boards and third party program operators. We note that the regulatory proposal regarding extended-day and third party programs has been posted on the Open Ontario regulatory website. We will be reviewing the details of this proposal and will provide comments through a future submission.

There is an issue of consistency here that needs to be recognized: between the quality of care and educational service that happens during the school day and the before-and-after component. The obligations for school boards should be the same as those for third party providers: A high level of quality of care, programming and staff must be consistent in both delivery models. Parents and children should not expect anything different. The program should be the same regardless of which party delivers the program.

OPSBA has begun meeting with third party providers of before- and after-school care to discuss a common framework. It is our intention to provide our member boards with a common extended-day framework to be shared between school boards and third party providers. Essentially, we are entering into new dialogues with child care operators. We have new relationships with those providers in our community. This has been a long time coming. These conversations are productive. We're trying to navigate through some of the complexities of the full-day kindergarten program and, as you heard earlier, some of the unintended impacts of full-day kindergarten. So we are doing our part at local school boards. We are doing our part, as an association, to help our school boards navigate through the system. We see some of the recommendations that we've put forward to this committee as assisting to ensure that there is consistency and that the program is a success.

Principal delegation: With regard to behaviour, discipline and safety issues for students in extended-day programs, we're appreciative of the expanded list of people to whom the principal can delegate his or her powers or duties. That made a lot of sense.

Reporting to principals: The appropriate staff will report safe-school issues to the school principal. Again, this comes down to consistency.

On the last page of the presentation, we've listed a number of concerns going forward. We want to flag those for the committee.

In order to ensure consistency and better alignment in the requirements for third party operators, we request that

the Ministry of Education continue its review of the differences between the Day Nurseries Act and the Education Act, and we have some specific examples: fire regulations, space requirements, playground standards, and nutrition.

In addition, while we're talking about full-day kindergarten, in order for school boards to plan and communicate effectively in a timely manner, we request information about planning approvals and capital funding for years four and five to be released from the ministry, ideally by June 2011. The reason we put this forward was not only so that we can be responsible as school boards going forward and planning, but because parents in our communities want to know. There's a lot of interest in full-day kindergarten. The earlier that we have this information, the better job we can do of planning and communicating with our communities.

Code of conduct: We request that paragraph (i) under clause 218.2(b) be removed; we respectfully request to be part of any consultation regarding the conditions and criteria for third party programs; and we would support a requirement that third party operators be not-for-profit, but we recognize that there may be unique situations, as I stated, in rural and northern communities that may need to be addressed through grandfathering provisions.

Thank you for your time today. I'd be pleased to answer any questions.

The Chair (Mr. Pat Hoy): Thank you. The questioning will come from Mr. Miller.

Mr. Norm Miller: Thank you very much, Catherine, for your presentation this morning.

I'll start, first of all, with your second issue: full-day kindergarten. There's a requirement that before- and after-school care be provided if a school offers full-day kindergarten, and there's an amendment that allows another board to be able to provide that program. I assume that means that a child could be going to one school before school, going to a different school during school hours, and then going to another school afterwards. Have you looked at that at all?

Ms. Catherine Fife: We're currently surveying our schools at present to see who is going to be offering it: What is the uptake on the extended-day portion? We're learning as we go along. This is a complex program. We have new communications strategies. We are having conversations with our coterminous boards around who gets the program and which neighbourhoods. At the end of the day, I think there will be collaborative relationships between our coterminous boards and the public boards.

Mr. Norm Miller: I just looked at that exception, and I just wondered about the logistics of it, because it would seem to me that a child would actually have to physically switch schools before school, during school and then after again, and it seemed like it would be problematic.

Ms. Catherine Fife: That situation would not be ideal, currently. That's what has happened prior to full-day kindergarten coming into play. Parents are dropping kids off at one location and then they're coming to school. The overall goal of the program is to provide that

seamless day for students, and school boards are striving for that.

Mr. Norm Miller: In the past, there have been groups like the YMCA that have run a lot of before- and after-school programs. You mentioned that you don't want for-profit providers to be running programs. Are there currently any for-profit operators that have been running before- and after-school programs?

Ms. Catherine Fife: It's hit and miss. Some school boards have very strong practices of engaging child care operators, regardless of their not-for-profit or for-profit—

Mr. Norm Miller: Just as long they're licensed, they're—

Ms. Catherine Fife: Yes. I'm a Waterloo trustee. I know that Ottawa has specific internal policies. They've already incorporated that into their values, as a school board—to engage with only not-for-profit—and there are some reasons for that. There are natural partnerships. They're child-centred. Their fees are generally directed to the students and, obviously, not to a profit margin. And there's definitely research that confirms that the not-for-profit model is of better quality.

Mr. Norm Miller: And the Y falls into that not-for-profit model?

Ms. Catherine Fife: They're not-for-profit. So we're having new conversations with them.

As I mentioned, we're going to be working with our third party operators to develop a template, because the communication piece between third party operators and school boards is a little hit-and-miss across the province. These are new relationships.

Mr. Norm Miller: Going to your number one issue, which was the code of conduct for trustees, maybe just go over again the changes that you're proposing. I see, on your information sheet, "will give the minister more power regarding mandated codes of conduct. Besides including matters or topics to be addressed in a code, the proposed amendment now adds paragraph (i) that states that the minister may prescribe or order an entire code of conduct or parts of codes of conduct." Is that the part that you have a problem with?

Ms. Catherine Fife: What we want is that it be removed so that the minister's involvement is limited to prescribing matters to be addressed in a code of conduct.

I think it's important for the committee to know that school boards have codes of conduct and we also sometimes have codes of ethics.

Ultimately, we feel that the minister shouldn't have too broad a reach to come in and lay down the law, so to speak, because we are elected, we are self-governing, and we are ultimately accountable to the electorate.

Mr. Norm Miller: A few weeks ago, one of our members, Frank Klees, brought up the issue in question period about a trustee being told not to meet with a parent on their own unless there was a staff person in attendance—

Ms. Catherine Fife: Actually, I'd like to address that, if I might. It turned out that there was some miscommunication between Mr. Klees and the board. They've since issued a letter of clarification.

Trustees should meet with parents and listen, but if there are specific issues pertaining to the Education Act, perhaps legalities—the director of education from the York board was saying that if you're going into a room, you need to have the information, and you have the staff at your disposal, so make sure you have strong communication with that staff. Trustees are listening all the time. I think that message was sort of miscommunicated by the board, which is unfortunate. Trustees can meet with parents. We do meet with parents, and we have the right to do that.

Mr. Norm Miller: Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

We have an answer to a question that Mr. Miller put some time ago, from the clerk. We'll do that now.

The Clerk of the Committee (Ms. Sylwia Przewdziecki): It's to Mr. Miller's question regarding a proposed amendment by the managers with split pensions from MPAC, who are proposing an amendment to section 80.1 of the Pension Benefits Act. Section 80.1 of that act is opened by section 8 of schedule 35 of Bill 173. It is a section that is open and for discussion. So it would not be ruled out of order on the grounds of the section not being open. There may be other reasons that it may be ruled out of order, but it would not be for reasons of the section not being open.

The Chair (Mr. Pat Hoy): With that stated, we are in recess until 2 o'clock sharp this afternoon.

The committee recessed from 1003 to 1401.

IMPATIENT FOR CHANGE

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We are prepared to hear from our afternoon guests, and I would ask ImPatient for Change to come forward, please.

Ms. Cybele Sack: Which one?

The Chair (Mr. Pat Hoy): Any one at all. The gentleman to my right and behind me will control the microphone for you. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this round it will come from the NDP and Mr. Tabuns. I'd just ask you to state your name before you begin.

Ms. Cybele Sack: Hello. Good afternoon. My name is Cybele Sack, and I'm here with ImPatient for Change, a patients' rights group whose goal is to exchange information about patient safety, because every patient matters.

Well, the genie is out of the bottle. Yesterday, the media reported that the lead health lawyer from the firm Osler told hospitals to avoid an eHealth-like scandal by "cleansing existing files" before they become available through the Freedom of Information and Protection of Privacy Act, FIPPA, in January 2012.

Premier McGuinty responded to this by saying that he wants open, accountable and transparent hospitals. Minister of Health Deb Matthews says that she expects

hospitals to embrace the spirit of freedom-of-information legislation. Information and Privacy Commissioner Ann Cavoukian says, "The word 'cleansing' is highly inappropriate" and offensive.

I suggest to you that if you want to ensure open, accountable and transparent hospitals and to embrace the spirit of freedom-of-information legislation, you'll stop Bill 173, schedule 15, the hospital secrecy law that your government has buried in this budget bill. This hospital secrecy law stands as a violation of the spirit and the letter of FIPPA.

Five months ago, I sat in a Queen's Park committee room and I testified about this same hospital secrecy amendment, which will exempt hospital quality information from public access. As a citizen committed to the public interest, I was astounded to overhear lobbyists from the Ontario Hospital Association and HIROC—that's the hospitals' malpractice insurance company—asking our members of Parliament to hide health care information in order to shield themselves from embarrassment. I was even more astounded when your government filed an amendment with very similar words to the ones proposed by lobbyists on a Friday afternoon with the intent to vote in a backroom the following Monday. Luckily, over one weekend, a small group of us were able to spread the word about this chicanery, and the amendment was defeated because it was introduced at the eleventh hour with no public consultation.

The law that lobbyists lobbied to hide information from in the fall was anti-lobbying and transparency legislation. You brought Bill 122 in to clean house after the eHealth scandal, but apparently that wasn't shameful enough. The house still isn't clean. Bill 122, the Broader Public Sector Accountability Act, which passed in December 2010, put hospitals under FIPPA and banned the use of taxpayer-funded lobbyists. But that didn't dissuade those lobbyists from, as Minister Matthews put it, "persuading" her to resurrect the failed hospital secrecy amendment. So here we are today with a hospital secrecy law buried in your budget, even though it's clearly not a budgetary item.

In reference to the inclusion of hospitals under FIPPA, Information and Privacy Commissioner Cavoukian quoted Justice La Forest of the Supreme Court of Canada. I'll do the same: "The overarching purpose of access-to-information legislation is to facilitate democracy. [It helps] to ensure that citizens have the information required to participate meaningfully in the democratic process and that politicians and bureaucrats remain accountable to the citizenry."

Our democracy and access to information are being subverted by this hospital secrecy law.

Last time I testified against this amendment, I was alone in discovering it. Today, I have the support of nurses, the Ontario Health Coalition, church groups, unions and other citizens. If you give us more time to inform the public, I'm confident the number of us opposing this hospital secrecy law will grow. The public has a right to know what's going on in our health care system.

I've had five months to hear all the red-herring arguments that Minister Matthews and the lobbyists provide. Just like the Ontario Hospital Association's attempt to distance itself from the health lawyer of its member hospitals, the excuses just don't stand up to scrutiny. Minister Matthews says the hospital secrecy law will give hospitals a chance to have a full, frank and free discussion on quality issues so they can make improvements. She should know that we already have a law which provides that exact mechanism: the Quality of Care Information Protection Act, already excluded from public access, which provides hospitals with an in-camera committee which they can use to discuss medical errors and potential lawsuits. FIPPA doesn't touch this.

Minister Matthews is enthused about the Excellent Care for All Act, which she says will lead to quality improvement. I've read this act and all other relevant legislation several times. The Excellent Care for All Act has a noble name, but nothing in this law replaces the provisions of FIPPA. FIPPA alone provides a means to access information without all the filters of a hospital's risk-management department. Do we want the information that the hospitals put out in a glossy, bureaucratic report, or do we want the raw data, the emails, the internal reports, the statistics, the meeting minutes so we can make up our own minds? I vote for the latter. That's FIPPA, and I think that's excellent.

Minister Matthews says that the hospital secrecy law is just an exemption and that the public can always appeal to the Information and Privacy Commissioner after they receive a letter saying, "Access denied." Minister Matthews' definition of "balance" is skewed in favour of hospital and insurance lobbyists. An exemption will mean journalists and media outlets may have to get their stories vetted by the Information and Privacy Commissioner before publication. What happened to freedom of the press? In journalism school, I was taught that access to information is a fundamental principle of democracy.

An exemption may mean citizens will have to wait possibly over a year to get information of vital importance to public health and safety. Family doctors may have to wait that long for information they need to make the best referrals. Politicians won't have the information they need in time to represent their constituents. How many will suffer and how many will die while we wait?

I am so disappointed today. I had hoped my next visit to Queen's Park would be an opportunity to talk about forward movement. Instead, we're moving backwards while people die. It's sad.

The public needs access to hospital quality information so we can shed light on our problems and work with our government to fix them—no more hiding, not by cleansing records and not with a hospital secrecy law. It's time for trust and transparency. Don't worry: Transparency works.

When we started reporting mortality ratios for hospitals, we found out that the Scarborough hospital wasn't doing so well. That bit of exposure helped push them to clean up their act, and they've made progress. When we

reported on superbug infections, the media coverage led to more public awareness, and we're starting to find solutions. Imagine, if we had more information, how much more we could fix.

The hospitals and our government need to trust us too. We want to help you make the system better, but first you have to let us in to look around. Secrecy is for those who have dark things to hide.

We know from a study funded by Health Canada that more Canadians die from preventable adverse events in hospitals than from breast cancer, motor vehicle accidents and HIV combined. These are just the ones we know about. Many go unrecorded and unreported.

The Ontario Health Coalition can tell you all about the impact of cutbacks and wait times. We know we have problems, and we may be in a crisis. But is the solution to paper over the windows of a tilting ship, or is it time to pass around the buckets and let the public help us bail out?

Hospitals are being advised to prevent reputational risk by hiding their dirty laundry. We public want to prevent patient safety risk by using transparency to save lives. Will you put the reputation risk of lobbyists over the lives of Ontarians?

Like you, I want a better tomorrow for Ontario. A better tomorrow means full access to hospital quality information, according to transparency and accountability legislation we passed in December without this hospital secrecy law.

Don't take our right to health care information away from us at the behest of lobbyists. Stop schedule 15. It's time for transparency.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Ms. Sack, thank you very much for that presentation. Clearly, this is not a light issue for you. Can you tell the committee what sort of events or conditions have driven you to take the position that we absolutely need this information, this openness to the public?

Ms. Cybele Sack: I guess I have a dual background that comes into play here. First of all, I was a journalist. As I said in the presentation, I was a journalist who really tried to embody the values of good journalism, and I would hope that the press sees the value in access to health care information as being as important as access to all information. That's number one.

Number two is, I then survived a medical error. The crux of it is that I went into the hospital in 2008 with appendicitis, self-diagnosed. I told them, "I have appendicitis. I need surgery and antibiotics." They spent 17 hours trying to tell me I was wrong and to go home. I didn't leave. I said, "It's unsafe." In fact, I kept repeating that word, but it didn't seem to be taken very seriously. It turns out it had burst by that point. I waited then five and a half months for an appendectomy after rupture, if you can imagine how devastating that would be. It was life-threatening, the complications were both acute and chronic, and the recovery was very slow.

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Mr. Peter Tabuns: We in the NDP opposed the time allocation for this bill. We felt that there should be more extensive hearings. You made allusion to the fact that if there was more time, there would be many more people who would be here speaking. Can you tell us a bit about the people you're in contact with and the response they've had to this bill?

Ms. Cybele Sack: Sure. Literally, I started at ground zero in that November. Right now, I have over 1,300 people on a Facebook page called "Every Patient Matters." New people add me every day from across the country. I have people from every province and territory, and every major city in Ontario. I think that people tend to add their friends when they see what's going on, because they feel like a lot of these issues haven't been covered enough in the press. I think it's a complicated issue.

One really interesting thing—I don't know if this is the right venue to say it—is that there has been a spin that I would say is being promoted by the medical system over the last number of years, that I myself bought, as a journalist, before I had a personal encounter, and that spin is that errors are anomalous, that they are one-offs, and that they are only preventable in a "hindsight is 20/20" kind of way. I contribute to that dialogue a counter-spin, which is that errors are rife—that's the word used by the former editor of the *Journal of the American Medical Association*; that they are compounded; that it's not one error but how they deal with that error and cover it up, rather than trying to stop it; and that they are repeated, because we don't have proper mechanisms to prevent their recurrence.

You'll have other speakers saying this, but I think the number one thing that I hear over and over again—and one thing I should tell you is, people reach out to me on chat, and I get calls in the middle of the night, and I just volunteer my time to help people, because I know what it was like to go through that. The number one thing I hear about is not lawsuits. It really isn't. It's not the money. It's not even an apology, because with the Apology Act, it doesn't mean much. It's not even disclosure; that's just the first step. What people really want is to know that what happened to them did not happen in vain, that we're learning from it, that we're measuring the change and that we're accountable to that change, so that they know nobody else has to go through what they went through.

That's why I actually ended up deciding to do some advocacy work, because I couldn't find that in my own personal situation, and I realized, looking around and talking to others, that none of us can, and we need the government to set up new mechanisms. And the first step for any of this is transparency.

Mr. Peter Tabuns: Okay. Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

I'm advised that the next two presenters would like to switch order. Is the committee all right with that? Agreed.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

The Chair (Mr. Pat Hoy): I'll ask the Registered Nurses' Association of Ontario to come forward, please. Good afternoon. You'll have 10 minutes for your presentation. There could be five minutes of questioning. In this round, it will come from the government. Just state your names for our recording Hansard, and you can begin.

Ms. Rhonda Seidman-Carlson: Good afternoon. My name is Rhonda Seidman-Carlson. I am the president-elect of the Registered Nurses' Association of Ontario, the RNAO.

Mr. Peter Tabuns: Congratulations.

Ms. Rhonda Seidman-Carlson: Thank you very much. With me today is Kim Jarvi of RNAO's policy department.

RNAO is the professional association for registered nurses who practise in all roles and sectors in Ontario. Our mandate is to advocate for public health policy and for the role of registered nurses in enhancing health in Ontario.

The 2011 budget was a cautious budget, and RNAO greeted it with qualified approval. There was limited new spending and no new taxes. The resulting budget deficit was projected to drop to 2.5% of GDP in the coming fiscal year, compared to 3.3% and 2.7% in the previous two years. In those years, the government has responded to the economic crisis by deficit spending in order to help avert a full-blown collapse. There was broad domestic and international consensus on the necessity of deficit spending under the circumstances, and nurses supported this approach. Given that unemployment in Ontario and Canada remains stubbornly high in spite of some economic recovery, we caution our provincial and federal governments to be careful to avoid tipping their economies back into recession by prematurely cutting deficits. Accordingly, the government has made some effort to protect program spending, but it is projected to drop from 18.5% to 17.7% of GDP in the coming year. Revenues are also predicted to lag, dropping from 17.3% to 16.9% of GDP.

RNAO cited a number of features of the budget in its response, a copy of which we have provided to the committee members in the package you have in front of you. We applauded the government decision to fund a mental health and addiction strategy, and we urged that the funding be strengthened to cover all Ontarians needing such services, in addition to children and youth. We ask, in particular, that aboriginal people receive needed attention, given the extent to which many aboriginal communities are being devastated by high addiction rates.

We also acknowledge the modest improvement in social assistance rates, but note that the cumulative improvement since 2003 of just 13.7% lags inflation, meaning that recipients will actually be able to buy less

in 2011 than they could in 2003 with their social assistance cheques.

As we stated in our media release on the day the budget was unveiled, instead of investing taxpayer dollars by replacing existing jails that have the capacity to serve up to 400 inmates with two new mega-jails and financing these through expensive public-private partnerships, attention must be given to social determinants of health, such as investing in affordable housing and an increase in minimum wage. The reason for this is simple: Crime in Ontario is decreasing and poverty is not. The minimum wage, affordable housing and social assistance are the principled investments for a government that says it doesn't want to leave anyone behind. Mega-jails will only put more people behind bars.

With respect to nursing human resources, RNAO urges the government to meet its commitment of 9,000 additional nursing positions in its 2007 to 2011 mandate and to ensure that the outstanding number of positions, approximately 3,400—I think it's probably closer to 2,500 because we have had some increased positions—are RN positions. As we have shared previously, the number of additional RN—registered nurse—positions created in Ontario for the past three years has lagged growth in registered practical nurses, RPN positions. As a result, the province's own report predicts a shortage of 30,000 registered nurses, as compared to 1,500 registered practical nurses, by 2020.

It is also worth noting that Ontario has the second-lowest proportion of registered nurses per population in the country. The creation of 60,000 post-secondary spaces, of which we understand 15% are to be allocated to nursing, is a welcome step in the right direction to meeting this coming need. We must be assured that all 9,000 new post-secondary spaces created for nursing will be allocated to registered nurse education. We recommend that they be dedicated in three streams: a compressed RN program, second entry RN, and RPN to RN bridging programs.

Our 2011 pre-budget submission details needed spending on social determinants of health, environmental determinants of health, and on health and nursing. The 2011 budget fell short of our expectations, but at least it did not slash social programs in an ill-advised rush to cut deficits.

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We do wish to point to an alarming feature of Bill 173. It is not a budgetary item at all, and we question why it should appear in this or any other bill. I am referring to schedule 15, which would amend the Freedom of Information and Protection of Privacy Act, also known as FIPPA, to allow hospitals to exclude the following material from freedom-of-information requests: "information provided to, or records prepared by, a hospital committee for the purpose of assessing or evaluating the quality of health care and directly related programs and services provided by the hospital."

As currently worded, the exemption could be used to exclude any and all quality-of-health-care information or records. That is because the term "hospital committee" is

not defined in the legislation. Thus, any conversation on quality could be defined as occurring between members of a hospital committee. Indeed, that appears to be the intent of the Ontario Hospital Association, which proposed this exemption.

According to the Minister of Health, this exclusion was put in at the request of the hospital sector to allow improvements in quality to continue. We do know that the Ontario Hospital Association has requested a blanket exclusion for all quality-of-care information in its submission last fall on the Broader Public Sector Accountability Act, Bill 122. It acknowledged that an existing amendment to the Quality of Care Information Protection Act will exempt quality-of-care information if it is prepared by or for quality-of-care committees.

The OHA submission concluded: "QCIPA is a useful piece of legislation. Its focus, however, is actually quite narrow. QCIPA allows for discussions and review of serious incidents involving the harm or death of a patient, and protects those discussions from ever being used in litigation or other disciplinary proceedings."

RNAO agrees there is a need for protecting the identity of hospital staff when engaged in quality-of-care discussions, as the threat of disciplinary proceedings could indeed hamstring such discussions. On the other hand, it would not inspire great confidence in the hospital or the health care system if hospitals refused to release quality information for fear of litigation.

This approach is very different to the one the Ontario Hospital Association and its members demonstrated when they participated in the important and popular hospital report card series, allowing many facility-level quality indicators to be released publicly. That showed bold leadership. Unfortunately, the public no longer enjoys access to this window on the hospital system, as it was terminated in 2008.

The Chair (Mr. Pat Hoy): You have about a minute left.

Ms. Rhonda Seidman-Carlson: Thank you.

Limiting the public's access to information flies in the face of the Broader Public Sector Accountability Act that the government said at the time would set the bar high for transparency and accountability. We'd like to help the hospitals get back on track to giving the public the access to information it needs.

Schedule 15 would take them in the wrong direction, potentially removing from public access all quality-of-care information. The government must consider whether there are less restrictive ways to encourage active review of quality of care, such as suppressing only that information that could serve to identify individuals. That would apply both to schedule 15 and to the Quality of Care Information Protection Act.

I'm just going to end with the recommendations.

The RNAO recommendations are as follows: that the finance and economic affairs committee reject schedule 15 and oppose blanket exemptions of hospital health quality information and records from freedom-of-information requests; and that the finance and economic affairs committee recommend that the government em-

power the Ontario Ombudsman to investigate individual complaints about hospitals.

Thank you again for giving us this opportunity.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government.

Ms. Helena Jaczek: First of all, I'd like to say thank you for your press release, where you did acknowledge the Ontario government's decision to fund, in addition, over three years, some \$257 million for children's mental health. Mr. Flynn and I were both on the select committee, so thank you for that acknowledgement.

Now, just to talk a little bit again about this balance: It came up this morning. We've obviously heard from deputants. The RNAO does agree that there's a need to protect the identity of hospital staff when engaged in quality-of-care discussions. This is sort of, "How can you make sure you get the best information without people being very concerned about this becoming public?" Would you like to see some sort of wording at all in relation to this balance between protection of privacy—could you just elaborate? If you want to get rid of schedule 15, do you see the place for some wording in relation to this balance between privacy and public information?

Mr. Kim Jarvi: We had to rush a little bit, so we didn't get quite to that. Our view is that the way it's worded right now, the exemptions are too broad. What you're really concerned about is protecting the identities of the people who are engaged in discussions. I think that's well recognized as an important part of avoiding medical errors—allowing them to be exposed without exposing the people who want to discuss them to some risk.

I suggest maybe you get your lawyers to find exact wording to allow that portion of the information that could reveal who the individuals are to be exempted: blacking out that portion, for instance. We wouldn't want to throw out the entire document. The idea is to protect the identities of the individuals, so if they're named or if they are in a hospital where there's only one thoracic surgeon, and it says "thoracic surgeon," then that would be deleted. The precise wording we leave to you, but it goes far beyond FIPA, which really expects you to be very narrow in your exemptions.

The Chair (Mr. Pat Hoy): Any other questions?

Thank you for your presentation.

CUPE ONTARIO

The Chair (Mr. Pat Hoy): Now we'll have CUPE Ontario come forward. Good afternoon. You have 10 minutes for your presentation. The questioning in this round will come from the official opposition. Just state your name and you can begin.

Mr. Fred Hahn: Thank you. My name is Fred Hahn. I'm the president of CUPE Ontario, and I want to thank the committee for this opportunity to present our union's views on the Ontario 2011 budget legislation, Bill 173.

CUPE is the political voice of more than 240,000 working women and men in Ontario, making us the

largest union in the province. Our pre-budget submission said that we know there is one thing we need to accept if we want to make the right budget decisions this year. It's a simple fact: Ontario doesn't have a spending problem; it has a revenue problem. That fact is the premise underlying our remarks today, which are organized under three main headings.

(1) The 2011 budget and Bill 173 impose huge, unnecessary costs to Ontarians to finance corporate tax cuts, and reduce our ability to grow the economy and to create jobs.

(2) The politics of this budget bill—what's in and what's out—do a disservice to democracy. They should not escape comment, particularly in regard to the so-called Commission on the Reform of Ontario's Public Services and the historic and unprecedented privatization of the delivery of public education.

(3) Bill 173 opens the doors to an expanded pursuit of public-private partnerships—a costly mistake. The government should not be proceeding down this path.

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In terms of the unnecessary costs to Ontario to finance corporate tax cuts, schedule 33 of the bill, the Ontario Loan Act, enables the government to borrow \$28.3 billion. But at the same time that we're borrowing money, we're giving away billions in corporate tax cuts. Ontario's corporate tax cuts not only fail to generate new economic activity, but they actually worsen the province's revenue problem, not in the least because you're proposing in this legislation to borrow, in part, to pay for them.

On April 18, 2011, the Globe and Mail reported a federal government finance department study of comparative stimulus measures which ranked corporate tax cuts dead last in generating new economic activity. It showed that where public investments in infrastructure can generate \$1.50 of economic activity for every \$1 invested, corporate tax cuts don't even generate 15% of that amount.

Another study by KPMG called *Competitive Alternatives 2010 Special Report: Focus on Tax* said that Canada is number two on the list of competitive tax regimes, only behind Mexico.

So why are we adding to our deficit by borrowing to finance more tax giveaways to banks and large corporations, and all at the same time when the federal Liberal leader, Michael Ignatieff, is out there campaigning against increasing corporate tax cuts?

We want to urge the government to heed the advice from its federal counterpart and use the legislation to halt the continuation of unnecessary and damaging corporate tax reductions and to restore corporate tax rates to 2009 levels.

Now on to the politics of the budget legislation: What's in and what's out?

Some issues are so important that they demand independent public comment, and they should not be placed in a budget bill, where they will not be given the level of attention, public consultation and scrutiny they deserve.

Schedule 10 of this bill, amendments to the Education Act, is one example. This part of Bill 173 abandons the original vision for seamless full-day early learning care and will change forever Ontario's public school system by allowing private for-profit companies to deliver education to our children. In CUPE Ontario's view, this matter is of special importance, and our school boards coordinating committee will be presenting its submission focused exclusively on this part of the bill later today.

That submission notwithstanding, we ask the committee to sever schedule 10 from Bill 173 and have it be brought back to the House as a stand-alone piece of legislation so that it can be subject to the full scrutiny that the public deserves.

You've heard a great deal in the last two presentations about schedule 15, another example of an item that seems to be buried in budget legislation and must be pulled out for full public consultation.

Some issues appear hidden in the budget to avoid attention, but there are others that should actually be there and they're not. The Commission on the Reform of Ontario's Public Services, headed by Don Drummond, seems a case in point. The real mandate of this commission was made clear in the government's budget papers, where it says that the private sector may not be the commission's recommended delivery partner for all cases, clearly pointing out that it will be for some, if not most. It would be more honest to identify this new body for what it really is: a privatization commission.

When the budget was brought forward in March, staff from our union were in a budget lock-up and were told by staff from the Ministry of Finance that Mr. Drummond's commission would not be looking at education or health; that the commission's mandate only extended to other areas of public service delivery outside of health and education. Yet the very next morning, Don Drummond himself was quoted in the *Globe and Mail* saying that he was in fact going to consider health and education and that the government, to this day, has not corrected that fact.

What is the real mandate of this commission? Even if we were to say that health and education were going to be left out, as suggested by ministry staff, is the government really talking about for-profit delivery in other services in the public sector? Let me remind you about what services we are talking about: women's shelters, services for the disabled, child welfare, immigrant and newcomer services. Are these really services that the government believes should be delivered for profit?

The very least Ontarians should expect is that the mandate and scope of this commission should be clearly set out so that it's clear to all of us, and it should be subject to meaningful public consultation and scrutiny in legislation.

Finally, we're concerned that the use of this budget bill will actually expand public-private partnerships. The 2011 budget papers warned that the province's intention is to expand the use of P3s: "Building on" Infrastructure Ontario's "track record and success at delivering infrastructure projects ... the province intends to expand the

role and mandate of IO into new sectors and a broader range...."

We're very concerned that this section of Bill 173 that merges Infrastructure Ontario with the Ontario Realty Corp. and the Stadium Corp. is really about facilitating an expanded use of P3s as a form of infrastructure financing, which consistently has been demonstrated to cost more than the traditional public model.

The government has already used Infrastructure Ontario to pursue P3s, and our brief contains examples of cost overruns of those previous P3 projects. Financing costs are greater under P3s because those projects will have to borrow at higher rates than the government can. Additional costs are associated with P3s because of risk premiums paid to the consortia, and those risk premium payments actually add up to more than the costs of even the borrowing rates.

We cannot forget the simple truth: that the private sector must generate profits, and that they do not finance P3 projects out of the goodness of their heart. As soon as we factor in those profits, costs go up, plain and simple.

Considering the restructuring of public corporations may make some sense, but if Bill 173 is designed to facilitate a major shift to the greater use of public-private partnerships, this is not only a mistake, but it is a significant policy change of such magnitude that it should be set out in a white paper for public consultation before it ever becomes the policy of government.

In conclusion, this bill spends too much, through corporate tax cuts; it hides too much, like the privatization of full-day learning in our schools; it leaves out important details like the privatization commission; and it's used as a pretext, we're concerned, to promote an even greater reliance on P3s.

In particular, again, we want to raise the alarm about the proposed move to wholesale privatization of public service delivery to be initiated by the Drummond commission, and about the privatization of our services and education provided to the youngest children in our public schools.

These initiatives are wrong, they're damaging, and over time, we will all be paying the extra cost of having pursued them. Rather than pursuing this path, the government should make new investments in social and physical infrastructure. That approach, coupled with a fair corporate tax rate, is the best way to safeguard our fragile recovery and to help build a better Ontario.

The Chair (Mr. Pat Hoy): Thank you for your submission. The questioning will go to Mr. Miller of the official opposition.

Mr. Norm Miller: I know my colleague Mr. Barrett also wants to ask questions, but I'll start.

Thank you for your presentation, Mr. Hahn. Correct me if I'm wrong—we have one day of public hearings for this budget bill; it has 41 schedules—you think that more public hearings would be a better thing?

Mr. Fred Hahn: There should absolutely be more public hearings. As our submission outlines, we believe that there should be pieces of this bill separated out into separate legislation that has separate hearings.

Mr. Norm Miller: In terms of schedule 15, the FIPPA amendment: You're opposed to that? Is that correct?

Mr. Fred Hahn: Yes.

Mr. Norm Miller: On what you called "the privatization commission" that Mr. Drummond is setting up, you're concerned that that's what it is—and also the confusion of whether it affects health and education or whether it doesn't affect health and education?

Mr. Fred Hahn: Its mandate is unclear. But certainly from our perspective, time and again, whenever we look at the delivery of public services, this has been demonstrated, not just by our internal research but by researchers from other economic institutes and, in fact, some consulting firms like KPMG: The delivery of public services is best done most effectively, cheaply and with the most accountability to the public by the public sector.

Mr. Norm Miller: Thanks. Mr. Barrett.

Mr. Toby Barrett: On page 4 of the one document, you lay out some timetables—junior kindergarten, senior kindergarten, full-day learning, extended day for all children to age 12. Do you have any idea how much that would cost?

Mr. Fred Hahn: I don't have those kinds of figures. We supported—as did many folks from the child care community, from public education communities, many parents and families across the province—an early learning program to be instituted in public schools to be delivered as a public service. What this piece of legislation does is it facilitates the ability for school boards to contract out to the private sector and to actually deliver part of the education system through for-profit companies, something that is unprecedented in our public education system.

Mr. Toby Barrett: How many people would that be bringing into the public system, or bringing into CUPE?

Mr. Fred Hahn: Those workers aren't necessarily all in CUPE; they could be in many other unions. It would be dependent on the board and the demand from the parents.

What we know is that this is a program that working families actually need and require. What we know is that parents with young children have said that they need consistency in a seamless day, that they want to use their public schools as a hub, that everyone supported this vision and this plan, and what this piece of legislation does is actually drive a stake into the heart of the essence of that plan.

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Mr. Toby Barrett: I know it mentions the potential for negative impacts on the community-based child care sector. Theoretically, many of the people who are running day cares now would be qualified to be employed by the school boards and to join the union?

Mr. Fred Hahn: They may in fact be. The challenge becomes when four- and five-year-olds who have been provided care in community-based child care centres move out and into a school system. The funding that would have been there for them will move with them. So

what we've talked to government about, as have many child care advocates, is the need to stabilize community-based child care.

Mr. Toby Barrett: And also, I see as well, to run it over the summer holidays and during March break—

Mr. Fred Hahn: If parents are going to have a program where their kids are going to actually be part of a full-day learning program in a school, but in the summer that school closes and they have to go find child care somewhere else—or for March break, they have to find a program somewhere else—that will be a disincentive for parents and not a good program for the kids, which is the whole goal.

Mr. Toby Barrett: Okay. Thanks.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

MR. BARRY CORBIN

The Chair (Mr. Pat Hoy): Now I'd ask Barry Corbin to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this round, it will come from Mr. Tabuns of the NDP. If you'd just state your name for our recording Hansard, you can begin.

Mr. Barry Corbin: Barry Corbin. I'm a lawyer in private practice, and have been since 1982. My practice area is in estate planning and estate administration. I'm speaking on behalf of myself, although I know that a lot of my colleagues in the estates practice area share the same concerns I have on the matter I'm going to be discussing. What I'm hoping you'll see when my presentation is complete is that I'm really here speaking on behalf of everybody in the province who might one day be either an estate trustee or someone who inherits an estate, which I think is probably all Ontarians.

I want to discuss schedule 14. I've appended it to the handout in case you don't have it at hand. It proposes to make a number of changes to the Estate Administration Tax Act, and I'd like to beg the committee's indulgence while I discuss what exactly estate administration tax is, for those of you who may not have occasion to be involved in the administration of an estate. They used to be called probate fees. The statute that you're looking at was the response to the Supreme Court of Canada striking down probate fees, which used to be imposed by regulation. They said, "Look, this is a tax. You have to debate it in the Legislature. You haven't been doing that." The government of the day, in response, said, "Holy smoke, we've got a lot of revenues we might have to give back if we took it illegally, so we'll pass this retroactive legislation." That's why it came into being.

This tax is levied on the value of an estate. If a person dies with a will and submits the will for probate, you look at the value of the property that is governed by that will. If a person dies without a will, you have to make an application in order to be able to take control of the estate. In either case, you're going to be paying estate administration tax. It's levied at \$5 per \$1,000 for estate

value up to the first \$50,000, and \$15 per \$1,000 of estate value in excess of that amount. There is no cap on that tax, which means, for example, if you had a \$10-million estate that had to be probated, you would be paying \$149,500 in estate administration tax.

Part of the application involves the applicant swearing what the value of the estate is. In the materials, I've got a page, an extract from the application. You'll see that there are just two boxes there: One says, "What's the value of the personal property?"; the other one says, "What's the value of realty, net of any encumbrances that there may be?" There is no obligation to provide an inventory or an itemization of the assets and their values that come to those totals. There are certain things that are excluded: life insurance payable to a named beneficiary; RRSPs; RIFs; tax-free savings accounts that are payable to named beneficiaries; real property outside the province; and property that is held jointly with another person where it passes, by right of survivorship, to the other person or persons.

In 1992, the government of the day decided that they needed more revenue, but they didn't want to increase taxes, so they came up with this great idea of tripling what were then probate fees. What they did when they passed that regulation was, they woke a sleeping giant, because from that point forward, there was an industry, and there still is an industry, of people who were looking for all possible ways to minimize what is now called the estate administration tax.

If you don't believe me, have a look at the chart that I've presented to you. It's something I've been following for the last 15 years. The blue line shows you what actual revenues have been in estate administration tax, or probate fees, and the red line, which started only in 1992, is what the revenues would have been if the province had done nothing and it had been business as usual. Previously, the year-over-year increase was about 9.5%, so I assumed, "Fine, let's make the assumption that it's continuing." You'll see what happened as a result: In 2002, there was a crossover, where, if they had done nothing—up until that point, they were getting more revenues than if they had done nothing, but after that point, they've got less. The net effect, at this point, as of 2010, is that they are now slightly below water, as I might say. That is to say, it's all downhill from here in terms of what they're going to be collecting in revenue versus what they probably would have got if they had left the probate fee alone.

The question is, why has this drop happened? It's a matter of speculation, but I think it's largely because, when the sleeping giant awoke in 1992, everybody said, "Holy smoke, what do we have to do to avoid this?" In many cases, what I think is happening is that parents have been putting property into joint names with their kids, or perhaps transferring it outright to them in order to divest themselves of assets so they wouldn't have an estate of any substance on death.

Now—and this is also a matter of speculation—why this schedule 14 is here at all: It's my view that the

government has looked at the anemic revenues they've been getting and said, "What can we do to get more revenues?" To me, exhibit A is schedule 14. That schedule involved a bunch of amendments to be made to the Estate Administration Tax Act.

What effectively is new is that instead of just submitting your application to the court office, saying, "Here are the numbers," and paying the estate administration tax, you file a new form, which hasn't yet been developed, with the Minister of Revenue. I think it's fairly clear that what you're going to have to file is an inventory of assets and a value attributed to every single asset in that inventory. That way, the Minister of Revenue will be able to say, "Aha. We think this is undervalued. We're going to have a look at that, and if we want to bring in our own valuers or whatever, we will assess the estate for more estate administration tax than was actually paid initially." There's nothing wrong with that, in principle, but the idea that people have been under-reporting all this time certainly is what I see there.

You're all familiar with a mechanism in the Income Tax Act: When you fight with CRA, you get a notice of assessment, you file an objection, you get a confirmation, and you go on to the tax court, wherever it might be. A similar device is going to be in the new statute here, with all these amendments. What they're doing is taking the Retail Sales Tax Act, which already has a mechanism for assessing or reassessing a vendor, and they're just importing it holus-bolus into the Estate Administration Tax Act. I think the drafters simply did that because they wanted to save time and not reinvent the wheel.

There's a problem, because when they did that, they missed something that's in the Income Tax Act that's not here, and this is really the focus of what I wanted to bring to your attention. In the Income Tax Act, the executor or estate trustee is responsible, before distributing the whole estate, to make sure that all the taxes have been paid. If a distribution is made and there's tax subsequently found to be owing, the estate trustee is on the hook personally, and then we'll have to go to the other people and say, "Can I have some of that money back?"

The minister has three years to reassess any particular return. However, the estate trustee doesn't have to wait that long if he wants to distribute the estate. He puts in a request saying, "I'd like a clearance certificate, please," and presumably that will come out in due course. Once the estate trustee has a clearance certificate in his or her hands, they can distribute the estate, because that will say that there's no more tax owing at the moment, as far as we're concerned. At that point, you can distribute the whole estate. Then, if the minister, within that time frame, says, "Whoops. We made a mistake. We have to reassess," the estate trustee is off the hook. He's got the clearance certificate. If the government wants money back, more taxes, they've got to go after all the people to whom the estate was distributed.

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That's not in the proposed amendments here. It says that the minister can, at any time up to four years—and

afterwards if there's neglect, wilful default and all that stuff, but for at least four years—go back and say, “You know what? We think there's more tax owing here.”

It's the estate trustee who is entitled—nobody else—to dispute the assessment. I have to assume that means it's the estate trustee who's got to come up with the money. Well, if I'm an estate trustee and I'm thinking I want to distribute the estate but I may have to wait four years, I don't want to have to go chasing after the beneficiaries to get the money back if it turns out there's more estate administration tax owing. So I'm going to say to the beneficiaries, “Sorry, you're going to have to wait. I know the will says ‘distribution,’ and I've done everything I have to do, but you're going to have to wait another three or four years until that period goes by.” This is the problem. There is no mechanism in there that clearly protects the estate trustee, that allows the estate trustee to ask the Minister of Revenue, “Can you please give me a clearance certificate so I can make a distribution?”

I have to imagine that it's the estate trustee they're going to go after. It's hard to think of an effective tax collection mechanism that would require the Minister of Revenue to chase all the beneficiaries across the country and around the globe to get back the tax that they decided was owing after the distribution of the estate. It really comes down to that.

If you're going through clause-by-clause study, if you don't do anything else with schedule 14, I strongly urge you to tell the drafters they're going to have to put in a clearance certificate mechanism in order to prevent a terrible problem arising in every estate to be administered; namely, “Sorry, you're going to have to wait a few years.” In fact, I would think that the trust companies might well not be happy about that turn of events, having to explain to all those expectant beneficiaries why they can't distribute the estate in a timely way.

There are other issues that could be raised, but that's the big one as far as I'm concerned and as far as all my colleagues are concerned, so I will leave my remarks at that and invite you to ask questions if you wish.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the NDP. Mr. Tabuns.

Mr. Peter Tabuns: Mr. Corbin, thank you for coming in today and pointing out the difficulty here. Can you tell us the practice in other provinces? Is a clearance certificate standard in Manitoba, BC, Nova Scotia? Are we acting with this outside of standard practice in other Canadian jurisdictions?

Mr. Barry Corbin: Well, there are several other provinces that require an inventory to be supplied along with the application: British Columbia, Saskatchewan, Manitoba—I think there are four. I'm not aware that any of them have this extra element of it; namely, a submission to the Minister of Revenue and an opportunity for them to go through this new audit and verification procedure. That's a cursory look at those other jurisdictions, so I guess I'd have to leave it to some researchers to check.

Mr. Peter Tabuns: Fair enough. But a clearance certificate is a fairly standard mechanism?

Mr. Barry Corbin: In an income tax context, it is. The difficulty is that retailers—I don't think the drafters saw the problem, because retailers are around for a while, you know? And when the government finally gets around to reassessing, they're still there to go after. But the estate trustee is a much shorter lifespan in many instances and will want to get rid of all the assets under control.

Mr. Peter Tabuns: Okay. I don't have further questions, Chair. I think the presentation was pretty clear.

The Chair (Mr. Pat Hoy): Thank you for coming today.

ONTARIO HEALTH COALITION

The Chair (Mr. Pat Hoy): Now I call on the Ontario Health Coalition to come forward, please. I noted you've been there for a while, but you have 10 minutes, and there could be up to five minutes of questioning, this time coming from the government. I would just ask you to state your name, and then you can begin.

Ms. Natalie Mehra: Thank you. Natalie Mehra. I'm the director of the Ontario Health Coalition. Thank you for this opportunity to present to you.

Because of the short period of time to prepare and because we did pre-budget hearings and you've heard extensively from our local coalitions and us, I'm just going to focus on one issue today, and that is specifically schedule 15 under this piece of legislation.

If passed as it is, under schedule 15, information and records provided to or prepared by a hospital committee pertaining to the assessment of quality of care would be exempted from public access to information. This isn't a budget measure, and really has no business being in a piece of legislation that is a budget bill. We are concerned about the process. So, along with the Registered Nurses' Association of Ontario and others who have raised this, we question the placement of this clause in the budget bill.

The process leading to this really is quite undemocratic. We understand that there are groups that have lobbied for this clause in legislation, but they have done so without any public consultation. To bring it in in a budget act when it's not a budget measure strikes us as poor process.

In general, Ontarians believe that hospitals should be more transparent and more accountable, not less, than currently. The public has an interest in expanded public access to information about quality of care in hospitals, and this clause runs against those public values and interests and, indeed, against the government's own legislation from last fall. Yet to date, there hasn't been any public explanation from the government as to why quality-of-care information in hospitals should be hidden from public scrutiny.

We don't think that this really is the appropriate standing committee of the Legislature to deal with complex issues around patient access or access to quality-of-care information in hospitals. With one day of

hearings in Toronto, with short notice, and without people really even understanding that this is in the legislation, I don't think that Ontarians who are concerned about this issue have had a chance to bring forward the full range of their concerns.

Leaving the process aside, as to the actual wording of the clause: In the clause, all information and records provided—so a hospital head could refuse to disclose the following: all information and records provided to a hospital committee assessing quality of care, and all information and records prepared by a hospital committee assessing quality of care.

A “hospital committee” is not defined. “Quality of care,” which is a very broad term, is not defined. Already, we have seen advice from two law firms to hospitals to shield records from public scrutiny by either moving records into quality-of-care committees, where they're excluded from the extension of FIPPA, or to cleanse, i.e. destroy, records, as was reported by the media this week. So this extremely broadly worded clause will enable hospitals to hide a whole range of information that should be in the public purview, and I don't think we can rely on goodwill to ensure that hospitals are going to provide that information willingly to the public, particularly given the kind of advice that they are getting from their counsel.

Certain quality-of-care information already has been excluded from freedom-of-information legislation. Hospitals are already totally exempted—so it's an exemption—from sharing certain quality-of-care information under the Quality of Care Information Protection Act, known as QCIPA. So there really is no public interest or rationale for extending hospitals' ability to shield information from public scrutiny even further. They have a process within hospitals. Most hospitals have QCIPA committees, and they have a process within hospitals that, if they want to discuss particular mistakes, medical errors or those types of things, they can do it there. They can have that information shielded, rightly or wrongly. That already is law. So they don't really need to broaden this to cover all quality-of-care information in hospitals.

According to the Ministry of Health's QCIPA overview, QCIPA “is designed to encourage health professionals to share information and hold open discussions to improve patient care” without fear that the information will be used against them.

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“QCIPA does this by providing that information prepared by or for a quality of care committee designated under the act is shielded from disclosure in legal proceedings and from most other types of disclosures, with appropriate exceptions.”

So even according to the ministry's own description of QCIPA, those types of incidents are already shielded from disclosure. What is missing here is some clear rationale for extending the blanket ability for hospital heads to reject giving the public information on quality of care outside of QCIPA.

Furthermore, I should say that information pertaining to patients' health records is not covered by FIPPA; it's

covered under the Personal Health Information Protection Act. So that issue has no bearing on this discussion.

Really, what this comes down to is a question of balance and of whether the public interest should supersede a hospital's desire for secrecy around these issues. We absolutely think that the public interest should supersede this.

Examples of the type of information that would be shielded from public scrutiny under this schedule were given by the lawyers for the groups that were lobbying for this exemption. These were their examples: “Does your hospital have a fever protocol for pediatrics?” or, “Do physicians personally see patients before they're discharged?” These examples make clear that the type of information that hospitals are seeking to hide has nothing to do with open discussion regarding specific medical mistakes. It has nothing to do with a culture of blame and shame and all of that rhetoric that we've heard. These are protocols and processes: whether or not they are in place in hospitals and whether or not they're being used. This is a blanket provision. I think that these two examples provided by the people who are lobbying for this actually make it clear why this is not in the public interest.

We cannot say that it's in the public interest to shield information about whether or not a hospital has its physicians see patients before they're discharged. There is no argument that I can see that would say that that's in the public interest.

FIPPA, I should also note—this pertains to the question of balance. In our experience, accessing information through freedom-of-information requests under the Freedom of Information and Protection of Privacy Act is actually already very difficult. It takes months. Even for an organization like ours, it takes an incredible amount of resources. It's a convoluted piece of legislation. You have to understand it; it's difficult to understand. For individuals, it's an incredibly difficult process. To have to go through that process and have the information turned down could take a year; it could take even longer than a year. In our experience, some of our requests have taken up to a year. Some of the requests of our member organizations or board members have taken more than a year.

The only people with lawyers in that process, usually, are either the government departments and ministries trying to shield the information or, in this case, it would be the hospitals. Often the groups seeking information don't have the money or resources to get lawyers.

So already it is an unequal playing field. To add into that that people would then have to go through that whole process and then appeal to the Information and Privacy Commissioner and demonstrate public interest on top of that, a year later, really is onerous, and I don't think that it achieves the balance that the government is trying to seek.

So our recommendation is that schedule 15 should be repealed. Moreover, given the news that has come to light in the recent week—and I don't really know if this legislation is the place for it, but it's certainly something to consider—the government should take steps to ensure

that hospitals don't start destroying records in advance of FIPPA being extended to cover hospital information as of January of next year. Clearly, something needs to be done to make sure that that doesn't happen in the interim. That's all.

The Chair (Mr. Pat Hoy): Thank you. The questioning will go to the government. Mr. Flynn?

Mr. Kevin Daniel Flynn: Thank you, Natalie. I appreciate you focusing your presentation on schedule 15. We've had a variety of opinions on the issue, obviously, and it seems to be the one that a lot of groups are interested in.

Everybody's using the word "balance." It seems like people have a different interpretation of what the word "balance" is, and I guess everybody wants it balanced in their favour, at the end of the day, or balanced, at least, in a way that their interests are taken into account—if I think of myself as an ordinary person who perhaps wants to find out something about my hospital. The previous delegation from the nurses said that there should be some protection for their members. You don't want all sorts of information flying out there about what people are purported to have done or not done. It seems to me that it would apply to some health coalition members as well. How do you strike that balance of me as a citizen being able to get the information I want from my hospital about perhaps what's happening there and the protection of the people who are working at that hospital as well?

Ms. Natalie Mehra: I have to clarify something: The Ontario Health Coalition doesn't have a mandate to represent workers, per se—

Mr. Kevin Daniel Flynn: No, but some of your members obviously are.

Ms. Natalie Mehra: Yes, some of our members are, but our mandate is to protect the public interest in the health system. I'll answer, as the Ontario Health Coalition, that I think the particular groups that represent particular groups of workers would need to be consulted specifically on that question.

I think what the RNAO said was not so much that they want to be able to shield particular events; just identifying names or positions, was what I heard. I don't know that that is an issue as it is, because personnel information is already excluded, as I understand, under FIPPA. I don't know whether or not that was a concern to begin with, but if it is a concern, we don't have a problem with excluding the names or identifying information of individuals. The point here is if somebody asks, "Does your hospital have its physicians visit patients prior to releasing them," absolutely, we want the public to be able to get that information, so this blanket exclusion is a problem.

In terms of balance, the balance should be in the favour of the public interest; it should err on the side of public access to information. If there are certain groups that want to shield certain things from access to information, they should have to specify what those things are specifically and forge something that is consulted on that specifically deals with what they're afraid of being

revealed to the public. To date, I don't think that that has been adequately provided.

Mr. Kevin Daniel Flynn: That is a good segue into my last question. You're saying that we should repeal section 15 or we shouldn't move ahead with it, but you're not saying that we don't need a vehicle.

Ms. Natalie Mehra: I'd like to know more clearly what it is that they're concerned about. The examples that have been given so far don't hold weight; they certainly don't meet a public interest test. If there is something there, then we'd like to know what it is, but we haven't been given that information. It certainly doesn't belong in a budget bill and certainly not with the very short period of consultation that we've been given to date. There's only one hearing; it's only in Toronto. It's just not the right way to do this properly.

Mr. Kevin Daniel Flynn: Fair comment.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

YMCA ONTARIO

The Chair (Mr. Pat Hoy): Now I'd ask the YMCA Ontario to come forward, please. Good afternoon. You have 10 minutes for your presentation. There might be up to five minutes of questioning. In this case, it will come from the official opposition. I'd just ask you to state your name before you begin.

Mr. Jim Commerford: Thank you. Jim Commerford with the YMCAs in Ontario.

Good afternoon Mr. Chair, members of committee and guests. On behalf of the YMCAs in Ontario, thank you for providing the time today for us to talk about Bill 173, the Better Tomorrow for Ontario Act, 2011. We will make some short remarks on several elements of the budget, including the mental health and infrastructure investments, the commission on broader public sector reform, the federal-provincial negotiations with respect to settlement and the labour market, and finally, with respect to schedule 10, the amendments to full-day kindergarten.

The YMCAs of Ontario were very pleased to see the government take action on the report of the Select Committee on Mental Health and Addictions. We are involved on a daily basis with individuals and their families experiencing mental health and addictions issues in our centres and through numerous directed programs, particularly as they relate to housing, youth gambling and youth substance addiction.

As the not-for-profit sector takes on ever more responsibility for mental health and addiction interventions, an integrated and coordinated systems approach in partnership with us is a welcome first step that will improve outcomes and encourage innovation while making better use of new and existing resources. We look forward to contributing the experience and expertise that exists in our sector at both the policy development and implementation stage as Ontario breaks new ground in this field.

While we understand and see the value in a comprehensive review of broader public sector spending in light of our current economic climate, we would also urge the government to add a fourth criterion to the terms of reference governing the work of the commission on broader public sector reform.

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We feel that investing in programs and services that provide positive impact and build strong communities should be a component and consideration, as important a criterion as value for money in the commission's review of public services. The new office for the not-for-profit sector established as a result of the landmark partnership project could be an invaluable resource for the commission as it embarks on its work.

In the area of infrastructure, over the last few years we've seen significant investments in the sustainability and growth of Ontario's public and not-for-profit infrastructure. The province made great gains in this area and explored creative new cost-shared funding models. Some of the successful projects funded under the infrastructure stimulus fund and Parks and Recreation Ontario saw the creation of exciting new partnerships to renew facilities such as the 100-year-old YMCA Camp Pine Crest, the expansion of the Flamborough Family YMCA wellness centre in Waterdown and the construction of an entirely new state-of-the-art facility in Chatham-Kent.

Budget 2011-12 is unclear about whether this funding model will continue. It is our sincere hope that the government remains committed to investing in the creation of a vibrant, preventative health infrastructure, together with the YMCA and the not-for-profit sector. We can't do this alone. Improving the health of our communities must be a joint effort. Capital funding is an important partnership project to undertake with not-for-profits.

The devolution of funding for immigrant settlement and the labour market programs to the province of Ontario would provide the opportunity to greatly improve outcomes for all of our residents. While developing a comprehensive, whole-of-government approach is exciting, we feel we must use this opportunity to reiterate and encourage the government that all funds for settlement and labour market development within this context be clearly protected so that they don't flow to other government priorities.

Lastly, on the subject of full-day kindergarten, Bill 173 also includes long-awaited amendments to full-day kindergarten that allow school boards to partner with qualified community child care organizations to offer before- and after-school programs to support the full-day kindergarten program requirements.

The YMCA has always believed in the vision that full-day kindergarten represented. We've also always believed that all children in Ontario should have an equal opportunity to get off to their best start in school. But we also believe that families should choose the right child care arrangements that work best for them from a range of high-quality choices. Well-supported families raise healthier children.

Full-day kindergarten did not have to be a one-size-fits-all solution. In fact, quite frankly, very few of these actually work.

The amendments in the budget bill are a result of the government listening to families and school boards. This is clearly an option that the community wanted. School boards see the benefit that organizations such as the YMCA bring to the table, and we're excited to be able to continue and expand our partnerships with them.

As an example, under the original plan, families with a four-year-old would have to register with the school board for before- and after-school care on school days and then look for other openings with a third party program for PA days, March break and holidays. Meanwhile, if they have a seven-year-old, they would have to find completely separate arrangements with the YMCA for that child.

Expanding these before- and after-school programs in lockstep with full-day kindergarten provides families the option of having high-quality learning and care run by well-qualified staff in their community, should that be the option they choose. For too many families across Ontario, that is not the choice today.

I know some advocates were concerned that partnerships wouldn't be seamless or would not be integrated in the same way that a sole-employer model might be. I'm here to tell you that these can be just as effective, and we've already seen some great examples of this in the program's first year of operation. We've heard from associations across Ontario about how they're making programs as small as nine children viable in the school-based setting, in hopes that after they get established, more families will choose to participate.

We've also heard that the relationship between YMCA early childhood educators and the school educational team is becoming much more collaborative and co-operative than it has in the past. They're talking daily, discussing the child's day progress and program plans.

This process has also highlighted some long-standing challenges. The Day Nurseries Act does need extensive modernization: a large project, to be sure, but one that cannot wait, as not-for-profit partnerships for full-day kindergarten, provided in partnership with Ontario school boards, are being rolled out across the province. First and foremost, the unreasonable and outdated constraints on the use of space in schools by child care organizations need to be urgently addressed.

In closing, the YMCAs of Ontario work with almost 1.3 million Ontarians at every age and stage of life. We could not accomplish our vision of dramatically improving the health of children and youth without a strong partnership with the provincial government.

As members of the Canadian YMCA movement and the World Alliance of YMCAs, we value and understand the complexity of working collectively towards big dreams and continue to believe that great things are possible.

Thank you for your time this afternoon.

The Chair (Mr. Pat Hoy): Thank you for the presentation. Mr. Miller.

Mr. Norm Miller: Thank you for your presentation. I guess I'll start—and I know Mr. Barrett wants to ask questions as well—on the full-day learning part of it. I met with the YMCA that looks after my area a while back, and they were concerned at that point about what was going to happen with the existing programs that you run and that you've run in schools. You're pleased that these amendments are going to make it so that some of your existing programs will still be viable and that you'll still be able to run programs in schools. Is that correct?

Mr. Jim Commerford: Absolutely. The amendments to the bill will clearly allow partnerships between the YMCA and boards of education. The programs that are currently in schools will continue to run. We have an infrastructure that's in place and will continue to be utilized across Ontario.

Mr. Norm Miller: You had programs that ran before, during and after school, correct?

Mr. Jim Commerford: Correct, yes.

Mr. Norm Miller: So now that will still happen, but with the new full-day learning coming in—can you just run that by me a bit?

Mr. Jim Commerford: Sure. I'll separate this into the two areas. The before- and after-school programs: Yes, they will continue. Historically and even up until this year but in the last 12 months, we're seeing, as we're doing plans for next year, tremendous growth in the before- and after-school programs within the school-based environment. Over 80% of the programs already, over the last 10 years, are operating in schools.

I think you might be questioning or asking about the future status of licensed child care preschool care for children aged newborn to 3.8. We're evaluating the impact as full-day learning gets implemented across the province. What I would say is there's no question that allowing school boards to partner with YMCAs in the before- and after-school care piece greatly enhances the financial viability of the zero-to-3.8 age group.

Mr. Norm Miller: And it's also more reasonable, I assume, for parents as well?

Mr. Jim Commerford: More reasonable?

Mr. Norm Miller: More cost-effective for parents.

Mr. Jim Commerford: The cost would vary across the province, particularly urban to rural and in different areas. What I would say, in terms of what we do provide parents and what the amendments do allow, is certainly parental choice between a variety of quality providers in some parts of Ontario, particularly in rural areas.

Mr. Norm Miller: Thank you. Mr. Barrett has questions for you.

Mr. Toby Barrett: Yes. Further to the partnership on full-day kindergarten, Boys and Girls Clubs and YMCA programs—many of your programs are summer programs, I assume. I don't think teachers are running summer programs, other than maybe curriculum. I think of Montessori, the various other bodies; play schools, for example. I'm just thinking in my riding. How significant a shift would that be if all the children were actually in an elementary school rather than out in the broader community, as far as numbers of children and numbers of

staff that would be required if the YMCA and groups like yours weren't doing it?

Mr. Jim Commerford: I'm sorry?

Mr. Toby Barrett: We've had presenters here. I get the impression it's kind of an all-or-one. There is pressure before this committee for all of these programs, including summer programs, to be run in the schools by teachers and other associated staff rather than by the YMCA.

Mr. Jim Commerford: Okay. Thank you for the clarification. I think you've raised two aspects to this. In terms of the YMCA that I work with, which is the YMCA of Hamilton, Burlington and Brantford, every one of our before- and after-school programs is located in a school. We're already providing, quite frankly, from a parental, family and community perspective, seamless care because we're in the school.

I think the second question becomes: Who delivers the program? Should the sole provider, through legislation, be only elementary school teachers? Or should we use existing resources, infrastructure and capacity of the charitable sector and the not-for-profit sector that, I think, has done a reasonably good job across the province of Ontario over the last 20 years? I think these are the times for partnership and collaboration, not sole employers.

Mr. Toby Barrett: You mentioned the unreasonable constraints regarding the use of space in schools—just a bit more on that?

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Mr. Jim Commerford: Sure. I might just give you one example. Of course, child care and before- and after-school care is licensed under the Day Nurseries Act; education is within the Ministry of Education. Consequently, we have two different requirements. For example, a playground that can be used by children ages four and five under the Ministry of Education in a school could not be used by the same children in an after-school environment. A good step in that direction is that we now have this act all under the Ministry of Education so that we can now move forward on bringing those two pieces of legislation together.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

ASSOCIATION FOR REFORMED POLITICAL ACTION

The Chair (Mr. Pat Hoy): Now I'd ask the Association for Reformed Political Action to come forward, please. Good afternoon. You have 10 minutes available for your presentation. The questioning will come from Mr. Tabuns of the NDP. Please state your name before you begin.

Mr. Ed Vander Vegte: Good afternoon, honourable members of the finance and economic affairs committee. I would like to thank you for the opportunity to speak to you today.

I am Ed Vander Vegte. I represent the Niagara chapter of the Association for Reformed Political Action, or ARPA. ARPA is a nationwide group and has seven

chapters within Ontario. We are associated with a large number of the Reformed churches in Ontario. Our mission is to educate, equip and encourage members of the Reformed church community into political involvement. This includes encouraging our members to be politically active, supporting local candidates, and speaking with and assisting our elected officials when needed.

My testimony today is to convey our concerns about schedule 15 of Bill 173. We request that schedule 15 be stopped in order to maintain hospital transparency and accountability.

First, I would like to express my appreciation for the health care that we do have. I believe our doctors and health care workers are dedicated to giving us the best health care possible. We can be thankful for one of the best health care systems in the world.

However, as with all organizations, public or private, safeguards need to be in place to ensure accountability. The greater the responsibility—and I don't think anyone will argue that our health care providers have great responsibility—the more important it is that they are accountable and are willing and able to answer questions from the public when they arise.

We recognize that this amendment doesn't impact the ability of patients to access their personal health records. We also recognize the need to protect hospital staff and committees. For this reason, we don't dispute the Quality of Care Information Protection Act, QCIPA. Hospitals need to be able to freely discuss information regarding lawsuits, medical errors and issues without fear of these discussions being made public.

Schedule 15, however, does go too far. This would cut off access to an extensive array of records. This includes daybooks, agendas, meeting minutes and handwritten notes. These records are very important when we need to ask about how or why treatment or care was provided.

Important to note is that there is also no definition of "committee" anywhere in FIPPA, and it is important to define so that, again, information may not be withheld at the whim of two or three persons who, at random, call themselves a committee. The phrasing and the definition of schedule 15 is too unspecific and undefined.

Why is access to this information necessary? The ability to assess quality of care in Ontario by access to the following can be denied, making the following questions impossible to answer:

- statistics: How many people were admitted to ICU over a specific time; what was their age and illness etc.; how many survived?

- policy: How does the hospital manage the volume of its patients?

- treatment: Have nurses been ordered to cut down on patient bedside visitations?

This access is necessary and can answer questions about what needs to be changed, what are we doing well, were there mistakes made, do we need more staff, and what plans need to be made for the future.

In the event that a patient doesn't receive adequate care or there is reason to suspect poor practice, access to all medical records is necessary to determine if

negligence has indeed occurred. Access to medical information is also necessary to determine if the negligence is ongoing and how many patients may have been affected.

Under current law, the public has the freedom to access hospital records that detail the decisions that led to the treatment, or lack thereof, that a patient received. Whether a patient's appendicitis surgery was delayed to the point of being life-threatening or a person's life ended sooner than expected after being administered morphine, FIPPA ensures accountability and transparency.

Adding clause (j) to section 18(1) of FIPPA would result in the possible denial of access to any information related to quality of health care. This is very broad and will remove access to hospital records from a patient or from a deceased patient's loved one who is concerned about the treatment received. Access to statistics and reports can be denied. There will be no method to investigate the quality of Ontario's hospitals and the service and care rendered in them. Access to information will be limited to a patient's medical chart and some other general information, since personal information is already currently protected. All other information related to quality of health care stored in your hospital can, under this new section, be made off limits.

I'd like to add a thought that is not in my notes. Today, while this committee was on recess, we had the time to join and observe the discussion in the House. Imagine our surprise when a question was put forward regarding schedule 15 and our honourable health minister said that this was added for patient safety. In our opinion, schedule 15 does just the opposite. Patient security and privacy is already covered by the Personal Health Information Protection Act.

The impact that this will have on Ontario's health care system could potentially be frightening. Hospitals which engage in poor practices will be protected from scrutiny, potentially resulting in numerous victims. Even if your family doctor wants to access information regarding a hospital's record of quality before he sends you there, access can be denied.

Worse yet, this can be an incremental step towards uncontested euthanasia in Ontario's hospitals. Everyone, even the media, can be denied access to the necessary information required to expose this kind of practice. Even if access is requested on the basis of public interest, it can be denied. As our hospitals become more and more strained due to our aging population and decreased workforce, will we be able to protect ourselves against selective service? Will hospitals make policy to serve those who they feel deserve treatment? I hope this will never happen, but we must maintain the ability to request information to make sure it does not.

I would like to end with the following thought. Close to my home there is a new sign that has been put up showing a rather beautiful picture of an elderly gentleman with an infant. The caption on this sign says, "Every life is worth living." In the last few days, as I was thinking about my presentation and about the problems of this addition or amendment, schedule 15, I think it's also important to remember that every life is also worth

protecting. Please stop the inclusion of schedule 15 in FIPPA.

Thank you.

The Chair (Mr. Pat Hoy): Thank you, and we'll go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Well, first of all, sir, thank you for making the trip today. I've made the trip myself, so I appreciate you doing it.

How is it that your organization came to be aware of this amendment, and can you tell me how broad the discussion has been within your organization on this particular amendment?

Mr. Ed Vander Vegte: As an organization, we watch a lot of the legislation that our elected officials are doing, both on the provincial and federal levels, and we report it to a vast number of the Reformed Church communities within Ontario. Regarding this particular issue, I think last Sunday, probably well over 1,000 notices went out to the various churches. We make them aware of what's going on and what the concerns are.

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Mr. Peter Tabuns: I'm interested that you've followed this issue closely enough and feel strongly enough that you've come this distance. What do you think would be the consequences of this amendment coming into force?

Mr. Ed Vander Vegte: I think the consequences of taking away the ability to access information will, in time—hopefully never, but the possibility is always there—protect bad practice.

As I said in my presentation, the more responsibility an organization has, I think the more important it is that the public can access information. Health care is a major, major thing. All of us use it. We, many times, take for granted that it's there. Almost every time that I've ever dealt with the hospitals, I've had a very good experience.

The concern being: A friend of ours who was mentally handicapped went before a doctor and was requiring fairly extensive open heart surgery. Unfortunately, there's this side of the story: The doctor said, "Well, he doesn't really serve any benefit to the community because he is mentally handicapped. Why would we want to do this?" I was shocked and appalled that somebody would say about this vibrant human being, "Well, he's not worth anything because he's mentally handicapped."

If there are people like that in the system, we need the access to know that health care is being provided to everyone. Every life needs protecting.

Mr. Peter Tabuns: Thank you. I really appreciate that.

Mr. Ed Vander Vegte: My pleasure.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

ONTARIO TRIAL LAWYERS ASSOCIATION

The Chair (Mr. Pat Hoy): Now I would ask the Ontario Trial Lawyers Association to come forward, please. Good afternoon, gentlemen. You have 10 minutes for your presentation. The questioning this round will come

from the government. I just ask you to state your name for Hansard.

Mr. Paul Harte: Thank you, Chair. My name is Paul Harte; I'm the president-elect of the Ontario Trial Lawyers Association. I'm joined here today by John Karapita, who is our director of public affairs.

Today we're here to discuss, predominantly, the amendments to the Freedom of Information and Protection of Privacy Act related to transparency and accountability in our hospitals. However, before I turn to that issue, I would like to make a few brief comments on the Insurance Act amendments contained in Bill 173 dealing with transit authorities.

The amendment to the Insurance Act proposed in schedule 21 restores tort rights to victims in the limited case of accidents on transit vehicles where there is no actual collision. As an organization, we have commented on several changes over the past 20 years to Ontario's auto insurance system and have always advocated for a restoration of common law rights to seek recovery for damages through tort rights, which have been severely eroded over the last two decades. Consequently, we welcome this change. Indeed, this committee should consider a return to tort as a solution to what is ailing our auto insurance system in general.

However, while we support the decision to broaden tort rights, we recognize, as have governments and the insurance industry for decades, that there is a need for a basic level of assistance on a no-fault basis. Early treatment and intervention is essential to recovery and return to function and productivity. It leads to savings on the part of the insurer because victims are able to make a better and faster recovery, thereby reducing total claim value. In addition, the burden on the publicly funded health care system and the social safety net in general would be lessened through the provision of some basic no-fault medical care.

We therefore propose that the current minor injury guideline limits of \$3,500 for care be provided to those victims injured on our public transit systems where there's no collision involved. It makes sense from the perspective of all stakeholders to provide at least this minimum level of coverage. This basic level of coverage would not include income replacement benefits, but would still provide a level of care that would help the injured recover. The transaction costs and opportunity for fraud in this scenario would be minimal.

Turning to the proposed amendments to FIPPA, the Ontario Trial Lawyers Association was formed 20 years ago now by lawyers who have devoted their professional lives to the representation of innocent victims injured through the conduct of others. Our more than 1,000 members advocate for the rights of innocent victims in Ontario courts every day. One of our primary mandates as an organization is to advocate for safety, including the safety of patients in our hospitals.

Frankly, we prefer to see fewer injured victims in our offices, not more. It's in the furtherance of that mandate that I appear before you today. My personal practice is restricted entirely to medical malpractice and I've had the

opportunity to work on both sides of the bar, both representing innocent victims and representing health care providers.

OTLA certainly applauds the government for broadening FIPPA to include hospitals through the Broader Public Sector Accountability Act. Ontario now joins the majority of provinces that have enacted similar legislation. We believe that the legislation, in its current form, will go a long way to raising the standards of accountability and transparency for our public health institutions, and in so doing will increase safety and the quality of care delivered in these important institutions. However, an amendment has now been proposed which would, in effect, roll back the important legislation before it even comes into force. The amendment is urged on the Legislature by the hospitals and their major insurer. They say the increased transparency and accountability of FIPPA will have an adverse effect on the quality-of-care culture in our hospitals, the implication here being that institutions subject to transparency and accountability measures will be reluctant to address patient safety issues because of the potential negative implications of disclosing the problems in the first place.

The hospitals and their insurer say they need a sphere of confidentiality to work within in order to improve health care. Doctors, as one example, will be reluctant to acknowledge an error if they do not have an assurance of confidentiality. The clear benefits of accountability and transparency must, they say, be balanced against the potential for such disclosure to undermine the improvements to safety.

Ultimately, the Legislature, in our view, should show caution in the face of self-interested advice of the hospital industry. The fact is, the premise of the hospital industry is faulty. An effective sphere of confidentiality already exists. It was established several years ago with the passage of the Quality of Care Information Protection Act, or QCIPA, which came into force in November 2004. QCIPA creates a safe and secure environment in which candid discussions of a near miss or an adverse event can take place. Individuals participating in a QCIPA process can participate with the assurance that that information being disclosed will be kept confidential and they will not be penalized for participating in that review process. QCIPA generally prevails over other Ontario legislation, including FIPPA and PHIPA.

Not only can information designated as quality-of-care information not be disclosed; it can't be admitted in any proceeding, including an Ontario court, tribunal, commission or committee of a registered health professional college. Disclosure of quality-of-care information in contravention of QCIPA is an offence punishable by significant fines.

Conversely, rolling back FIPPA coverage provides no safeguard to participants in a review process. If a review process takes place outside of QCIPA, there is no guaranteed protection for the participants in the process. The information can be released to other hospitals, health colleges, third parties and the media at the sole discretion of the hospital acting in its own interest. The example

doctor held out by hospitals as unwilling to frankly disclose mistakes will still fear disclosure when the hospital can report the error to his professional college. The information is not protected in any real sense. The difference in this sphere is that the hospital becomes the sole arbiter of what information is released. Its discretion, in our submission, will be exercised based on the hospital's best interest, not the individual health care providers working in those hospitals or the taxpayers who provide the primary funding for these important institutions.

The hospital industry maintains that FIPPA will undermine patient safety culture, but has presented no data and no concrete example. The facts suggest that whatever is going on behind closed doors now is, in any event, ineffective. Recent data shows that adverse events in hospitals remain frustratingly high. The Canadian Medical Association recently estimated that between 9,000 and 24,000 deaths in hospitals across Canada were preventable. A key study, a landmark study by Baker and Norton published in 2004, concluded that as many as 70,000 preventable adverse events occur each year in Canadian hospitals. Hospitals, acting alone, have been unable to make significant progress in patient safety.

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The best way to inform the public of the quality of their health care system is to allow them to see it for themselves. Balance in this situation favours disclosure. Opening hospitals to the Freedom of Information and Protection of Privacy Act is simply good public policy. The initial public policy decision of the government was the correct one and the one which the Ontario Trial Lawyers Association fully endorses.

I simply add at the end that members of the committee and your colleagues in the Legislature will be hearing more from us in the weeks to come concerning the ongoing changes in the auto insurance program, specifically the review of the definition of "catastrophic injury." We have every confidence that the government of Ontario will ensure that those most seriously injured in accidents are treated fairly.

I thank the Chair and the committee for the time.

The Chair (Mr. Pat Hoy): Thank you. The questioning goes to the government. Mr. Flynn?

Mr. Kevin Daniel Flynn: Thank you for your presentation. Good to see you again, John.

I appreciate the comments you had on schedule 15. There have been a variety of opinions. You sat through some of them here, I think, and we're all trying to achieve that balance. I know that you have a major interest in how that is achieved.

When you opened your comments, you talked about municipal transit and you talked about some of the things that should be done there. Would you or would the trial lawyers share the feeling that there is some fraud in the present system today and that, if the intent is that those who deserve to get what they should get as a result of whatever they've experienced are to achieve that, fraud needs to be discovered and dealt with as well?

Mr. Paul Harte: The Ontario Trial Lawyers have taken a firm stance and recently have announced that they support the recent initiatives with respect to eliminating fraud within the industry. Of course, one must be nuanced when using the word “fraud.” Different definitions of fraud will result in different implications to the industry. But there’s simply no question that fraud helps nobody.

Mr. Kevin Daniel Flynn: Would the trial lawyers have an interest in the auto insurance anti-fraud task force, for example, that’s being implemented? Is that something that the trial lawyers anticipate playing a role in?

Mr. Paul Harte: We certainly have, I believe, played a role for many years in the auto insurance industry and welcome every opportunity to participate in government. Should an invitation be extended, we certainly will be participating in that.

Mr. Kevin Daniel Flynn: Okay, wonderful. Thank you. Those are all the questions I have.

Mr. Paul Harte: Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

BOYS AND GIRLS CLUBS OF CANADA

The Chair (Mr. Pat Hoy): It is my understanding that our 4 o’clock presenter, the Ontario Public Service Employees Union, is not present in the room, nor is the CUPE Ontario school board coordinating committee. The south Niagara chapter of the Council of Canadians is not present yet, but I’m told that maybe the Boys and Girls Clubs of Canada is here and would present now.

Thank you very much for coming early and accommodating the committee. We do appreciate it. It keeps us from going into recess while we wait for others.

You have 10 minutes for your presentation, as you might know. The questioning, in this case, will come from the official opposition. I’d just ask you to state your names before you begin.

Ms. Sandra Morris: Thank you. My name is Sandra Morris. I’m the regional director for central region of Boys and Girls Clubs of Canada. With me is my colleague Shobha Adore, who is the executive director of Braeburn Neighbourhood Place and Braeburn Boys and Girls Club.

Boys and Girls Clubs appreciates sincerely the opportunity to provide feedback to the committee on Bill 173, An Act respecting 2011 Budget measures, interim appropriations and other matters.

The 2011 Ontario budget introduced a number of measures of importance to clubs, and the Ontario children, youth and families that we support, related to mental health and addictions; youth summer jobs; assistance for low-income families; work to transform the social assistance, developmental services and child welfare service systems; and the extended-day programs that are part of the new full-day kindergarten initiative.

Our written submission, which we’re tabling with the committee today, outlines our broad support for a number

of these measures. However, as we understood that we might be one of the last presenters and as the provision of extended-day programs of the sort referred to in schedule 10 of the act is the key core business, and has been for more than 100 years, of Boys and Girls Clubs, of our network of clubs, our remarks are going to concentrate today on the importance of before- and after-school programs for young people and the measures, both in the budget bill and outside of it, that we think are of importance in this regard.

Before getting into our comments, I’d just like to start by telling you a little bit about Boys and Girls Clubs, and then my colleague will close our presentation and help to illustrate what we mean about the central importance, we believe, of community partnerships in providing these programs for young people by telling you a bit about her Boys and Girls Club and the work it’s now doing in their local community.

First of all, just a bit about us: Boys and Girls Clubs are, we believe, leading providers of before- and after-school programs that support the healthy physical, educational, emotional and social development of young people. Across Ontario, 25 local community clubs provide before- and after-school programs for more than 110,000 children and youth annually at more than 160 locations across the province.

Through our comprehensive programs and what we describe as our “whole child, life cycle approach”—which includes licensed child care, school readiness programs, early years and extended-day programs for younger children, before- and after-school programs for school-aged children, and youth leadership programs and initiatives—we’re present in all stages of a child’s life, and we believe that we provide critical support to families during all of these key developmental periods.

We also like to believe, and believe we can say with some pride, that our high-quality programs, which are very cost-effective as well, reinforce the in-school curriculum, are affordable for parents and families, are available when parents and families need them, and have a meaningful impact: really help to create change that lasts a lifetime for these young people.

Why is the after-school time period so important? I think many of you will know that repeated studies have shown that this period provides a unique window of opportunity to support young people’s learning, their education and academic success, and to address a range of other issues that are important to children, youth and families related to childhood physical activity and obesity, children’s mental health and well-being, and youth leadership, and to do that in a comprehensive, integrated and cost-effective manner. Research has consistently demonstrated that these programs provide significant benefits and can lead to reduced costs in health care, social welfare, crime and justice down the road.

Investments in after-school programs have been found in particular to: improve children’s homework and academic performance, lower dropout and grade-repetition rates, enhance lifelong physical activity and healthy eat-

ing, and improve social skills, mental health and well-being.

As you are aware, Bill 173 includes a number of amendments related to the before- and after-school programs, or extended-day programs, planned under the auspices of the new full-day kindergarten initiative. They are related to:

- the definition of third party programs and operators in the act;

- the duty of school boards to operate extended-day programs themselves or to partner with third parties, subject to program viability, to do so;

- the arrangements should a third party extended day program be closed; and

- provisions related to staffing, etc.

Boys and Girls Clubs appreciate that these provisions in Bill 173, and the full-day kindergarten initiative on which they're based, reflect the government's recognition of the importance of before- and after-school programs and will also result in new provincial investments aimed at ensuring that more Ontario young people have access to these kinds of programs. We commend the province for recognizing the importance of these programs and taking action to make them available to more Ontario children and families.

Boys and Girls Clubs also believe, however, that responsibility for achieving the goals of the full-day kindergarten initiative cannot be achieved by any single institution, ministry of government or community organization acting alone, but instead requires the expertise and collaboration of a wide variety of partners working together under a single framework in support of children, youth and families. Given that belief and our more than 100 years of experience providing these kinds of programs, we were delighted to see and are pleased to support the provisions in schedule 10 aimed at amending the Education Act to provide school boards with the flexibility to partner with third parties to offer extended-day programs.

1550

We believe that the first year of full-day learning helped to illustrate that schools and school boards were, in some cases, already successfully working in partnership with organizations such as ourselves, YMCAs and organizations associated with the Quality Early Learning Network. As comments from my colleague Shobha will help to illustrate, we believe that these programs and partnerships are already providing high-quality, seamless support for children and families in ways that achieve many of the objectives established for the new full-day kindergarten program. We believe that further building and expanding these partnerships will help to ensure that we achieve the goals that we all share for children, youth and families.

Ontario Boys and Girls Clubs would like to draw the committee's attention to another initiative that we believe is of importance to children, youth and families but is not currently reflected in Bill 173, that being the Ontario after-school initiative. Developed by the Ontario Ministry of Health Promotion and Sport following a wide-ranging

consultation with other ministries, child development experts and community stakeholders, this initiative, which was launched in 2008-09 with a modest investment of \$10 million, is providing more than 15,000 children, youth and their families at more than 270 locations with access to after-school programs.

This cost-effective, innovative program is governed by a comprehensive provincial after-school framework and guidelines, is aligned with the goals and objectives of full-day kindergarten as well as the poverty reduction and Roots of Youth Violence reports, and is built on what is already working in local communities. It has enabled community organizations like Boys and Girls Clubs to expand our programs and positively impact the lives of thousands of young people. We've been delighted to have an opportunity to do that through this new initiative and have been particularly delighted that the initiative has allowed us to expand our partnerships with schools and school boards and our in-school extended-day programs.

Recognizing that these children, youth and families are now relying on these critical programs and that the continuation and expansion of the Ontario after-school initiative would help to address key goals for the full-day learning system, we would like to respectfully urge the province to give consideration to making that program permanent by extending funding for it beyond what is now the planned June 30, 2012, deadline and to start expanding the program over time to other high-needs communities across Ontario. We believe that the significant benefits of after-school programs, on which the full-day learning initiative is premised, justify providing the permanent funding and investment that is required to establish a network of after-school programs across Ontario. We believe that doing so would help to address the objectives of many of these other initiatives.

These two proposals—the amendments in Bill 173 which the committee is considering as well as the after-school initiative that I've just mentioned—in our view, help to illustrate the value of community partnerships in supporting children, youth and families.

I'm now going to turn to my colleague Shobha, who's just going to tell you a little bit about how those partnerships are working in local communities.

The Chair (Mr. Pat Hoy): You have about a minute and a half.

Ms. Shobha Adore: Okay.

Braeburn Neighbourhood Place is a neighbourhood-based organization that has been operating since 1975. The organization came out of the vision of a small group of parents living in a social housing complex who wanted a better life for their children. The outworking of that vision has taken the form of licensed child care, an Ontario early years centre, family food security programs and before- and after-school programs for children. In total, we serve about 6,000 people a year. The centre has been integrated into the community, and it's a part of the oral history of success of our parents.

Almost three quarters of our staff complement have either been participants or volunteers in our programs. At

one of our sites, our after-school program is led by a young man who started in our child care centre when he was just two years old. As he grew up, he attended our after-school program, summer camp and youth leadership. He has graduated from high school, and he was able to attend university with the help of a scholarship from the Boys and Girls Clubs of Canada. He's one of thousands of success stories that were created out of the coming together of school, community and service partners. In the last year alone, 39 of our high school kids became peer tutors for their younger neighbours, and several others are running homework programs in our schools where they went to kindergarten more than a decade ago.

Our child care centres are located in schools, as are our breakfast programs and after-school programs, and there is a continuum of the day. We offer uninterrupted, year-round services, which is particularly important for parents who have scheduled work times.

Our schoolteachers and our principals frequent these programs as their day begins or ends and regularly work with our staff to ensure curriculum articulation and successful outcomes for math, literacy and EQAO testing.

We each bring our best to the table for every family: school, communities, and service providers. The phrase that it takes a village to raise a child has been overused, but it holds true. Each piece is necessary and contributes to a strong neighbourhood and resilient, engaged and caring constituents.

There's a richness of community-building that exists, and it has happened because of partnerships and a wide vision over the course of many decades. It needs to be preserved. It has built neighbourhood role models and champions who live next door to you and who make it through and reach back for the next generation, and it's at the core of what we hope for all of our children.

The Chair (Mr. Pat Hoy): Thank you. We'll go to the official opposition. Mr. Barrett.

Mr. Toby Barrett: I appreciate your presentation and the brief on the work that Boys and Girls Clubs have been doing with the before- and after-school programs. I wasn't aware of the extent of your involvement: 160 locations across the province, 110,000 children, and you've been doing this for 100 years. You're not in our area, so I'm not familiar with your organization.

The YMCA testified earlier and indicated, perhaps with some relief, that this legislation permits school boards flexibility to partner with third parties. I'm assuming the initiative with full-day kindergarten is subtracting many young people from your clubs. Any figure on that and the impact that it has on your organization or daycares or playschools, the ones that we were traditionally using?

Ms. Sandra Morris: I can maybe start just by saying that the distribution of the young people we support—we're a little more concentrated in the after-school programs for school-age children than for fours and fives, although about 30% of the young people that we support are in that younger age cohort. Shobha talked about how her club is already working in schools both in delivering

programs for younger children as well as programs for school-age children.

As I think the presenter from the Y suggested, the amendments that will allow the partnerships that we've already built or that we would like to create to continue are going to be helpful to us. There is a secondary issue of younger children perhaps exiting licensed child care in some cases, which may have some consequence.

Ms. Shobha Adore: We operate licensed child care as well. What full-day kindergarten is doing—the fours and fives will exit that system, so you've got the zero to three, and then you have the six to 12, so it will affect the number of children in licensed child care.

Mr. Toby Barrett: Further to that, one of the previous presentations advocated offering an extended day to all children up to age 12, specifically by school-board-employed staff in the school, not outside people—those are my words—and, again, extended programming by school boards during professional development days and March break and all summer, again by school-board-employed staff in the schools. That flies in the face of this proposed legislation. Any comments on that?

Ms. Sandra Morris: I think we feel quite strongly that shifting to that kind of model would undercut the richness and the kinds of supports that you get in the kind of community-based partnership model that Shobha described.

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What's now happening where we're working in partnership with schools and school boards, as Shobha indicated, is that we're able to support young people, not only zero to 3.8 and then four to five. Then, as they enter the school system and are six to 12, we also provide youth leadership initiatives for young people. We have a provincial youth council and scholarship initiatives and programs. Our work in communities means that we actually have created that kind of seamless, lifelong attachment to community leaders, community programs and other kinds of community supports that some of those children, youth and families will need.

So we think that that would be a very ill-advised way to go. We think that would be unfortunate. It would have devastating consequences for organizations such as Boys and Girls Clubs, who have been working for 100 years—I'm not on the front lines, as Shobha is—but doing so with limited resources and, as I think her presentation indicated, with great passion and commitment to young people.

So we really urge the province to continue with the plan to amend the legislation to allow school boards to partner with third party providers. We think that's the right choice for children, youth and families across Ontario.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

ONTARIO PUBLIC SERVICE
EMPLOYEES UNION

The Chair (Mr. Pat Hoy): Now I would ask the Ontario Public Service Employees Union to come forward, please. Good afternoon. You have 10 minutes available for your presentation. This round of questioning will come from the NDP and Mr. Tabuns. I'd just ask you to identify yourselves before you begin.

Ms. Nancy Pridham: Thank you very much. Good afternoon. My name is Nancy Pridham, and I'm the second vice-president of the Ontario Public Service Employees Union. With me today, to my left, is Rick Janson; he is our staff expert on health policy. On behalf of the 120,000 OPSEU members, I'd like to say thank you for allowing me to speak today.

Our members live in every community of the province. On January 31, our president, Smokey Thomas, gave an overview of the work OPSEU members do, from restarting hearts to rescuing children from abuse to guarding accused murderers to training the workforce of the future, and I won't repeat what he has said. I will merely say that all of our members deliver a wide and valuable range of services.

In my own job, I'm a registered practical nurse at the Centre for Addiction and Mental Health. I help people from all walks of life cope with the terrifying reality of mental health issues and their recovery. Like many jobs, my job takes place far from the public view, but that doesn't make my job less important. The work of OPSEU members is fundamental to the quality of life of all Ontarians. Our members are proud to do this work and I'm extremely proud to represent them.

Before commenting on the specifics of Bill 173, I would like to make a few remarks on the McGuinty government's overall approach to public finances and public services, as I think they provide some context.

Those of us who remember as far back as 2003 can remember the state that public services were in. The Walkerton water tragedy, which resulted in part from deregulation and privatization of testing labs, was still fresh in voters' minds. The Aylmer meat scandal and the Conservative government's indifference to food safety were front-page news during the 2003 election campaign. In that election, Ontarians voted to rebuild public services. Many of us with long memories can still remember Dalton McGuinty's remarks on election night and his promises to do just that.

There was a lot of repairing to do. While the Liberals proved unwilling to undo many of the things that the Conservatives had done to weaken the public sector, some steps were taken to at least begin the rebuilding.

That all changed in the last two years, beginning with the 2009 budget. The 2009 budget was, of course, the first budget after the global recession that cost 34 million jobs worldwide. As we know, the recession was caused by some very rich people trying to make themselves even richer by gambling with people's livelihoods. It was not

caused by poor people; it was not caused by working people; it was caused by rich people.

In the fallout from the recession, you might think that we would have begun a period of rebalancing the world economy to reduce the growing income inequalities that caused the recession in the first place. Instead, the opposite has happened. There is nothing about a recession that necessarily requires the government to transfer money from the pockets of the poor people and working people to the pockets of rich people, yet that is exactly what is taking place in Ontario and around the world.

In the 2009, 2010 and 2011 budgets, the McGuinty government took a number of major steps whose main effect has been to redistribute wealth upwards.

In 2009, the government announced the HST. A lot has been said about the HST already that I don't need to repeat, except to say two things. First, according to the government's tax plan for jobs and growth, the HST represents a reduction in taxes paid by business of about \$4.5 billion a year. Second, as a person who has spent a lot of time around Queen Street and Ossington Avenue in Toronto, I would like to point out that the HST is the only way to increase taxes paid by homeless people and those who never file income tax.

A lot has been said about the cuts in the corporate income tax rate that were announced in the 2009 budget. For today, I will merely say that all the arguments against that policy were already articulated by Dalton McGuinty himself prior to 2009. Those tax cuts will not help protect public services, they will not help pay down the deficit, and they are pretty much the least effective way to spend money on job creation.

In the 2010 budget, the government introduced its wage freeze policy, which, combined with the corporate income tax cuts, was an ingenious method of transferring money from the pockets of working people in the public sector to the profits of corporations like the Royal Bank of Canada, Rogers and Imperial Oil.

Now, in the 2011 budget, we see a continuation of the trend that began in 2009. We see, first of all, plans for layoffs in the Ontario public service, even though the budget documents show that, per capita, the Ontario government has the second-least-expensive public service of any Canadian province. We also see an intensified interest in the privatization of public services.

In the 2010 budget speech, Finance Minister Dwight Duncan announced plans to find a method of privatizing, or partly privatizing, Ontario's crown corporations. After spending a couple of hundred thousand dollars on consultation and advice from Goldman Sachs, the government dropped the idea after realizing that there was no public support for sucking money out of government coffers and handing it over to Bay Street—or Wall Street, for that matter.

Unfortunately for the people of Ontario, the government came back with new privatization plans in the 2011 budget. Now they have chosen a banker to conduct a search-and-destroy mission to examine all public services and determine which ones could be better provided by

private operators. The commission's real mandate, if we were to be honest with each other, is not to find services that could be better provided by private operators, but to find services that could be profitably provided by private operators.

As we all know, Canadian business and Canadian banks are sitting on close to half a trillion dollars in cash and short-term assets, and they are looking for high-return places to invest that cash. What better place than the public service, where the returns would be guaranteed? The Drummond commission has nothing to do with improving public services and everything to do with looting them. If it were not so serious, it might be funny that the McGuinty government is throwing away money on corporate tax breaks and then setting up a commission to give public services to corporations under the guise of trying to find out where the missing money went. It's a bit absurd.

I just want to give you a little quote: "I hate to admit this but I don't think much of the growth of the past decade could be attributed to [the] lower corporate tax rate," said Don Drummond to the National Post.

We believe the government should decommission the Drummond commission now, and we recommend that the bill should include instead these two items: (1) the creation of a commission on tax fairness and quality public services to examine the connections between the revenue side of public finance and the obvious benefits of quality public services; and (2) the creation of a fairness test that would allow all Ontarians to assess the income distribution effects of each change in the province's public services and taxes.

1610

The notion that government operations like Service-Ontario should be sold off after the government has invested all the money required to make it a successful organization is an outrageous handout to corporate investors, who will reap the benefits of those public investments.

If you want proof that the government's strategic objective in its last three budgets is the transfer of money from those who have less to those who have more, you need to look no further than the recent U-turn by the government with respect to CEO salaries in hospitals. In the budget, hospitals were asked to reduce executive costs by 10%, but Andrew Chornenky, a spokesperson for Dwight Duncan, says the reductions in cost aren't necessarily reductions in high executive salaries. He suggests that hospitals may want to cut clerical staff to save that 10% instead.

The Chair (Mr. Pat Hoy): You have about a minute and a half for your presentation.

Ms. Nancy Pridham: Okay. Let me just fast-forward, then.

To summarize our feelings about the budget as a whole, I suppose I would be remiss in not saying that we were actually quite happy to see your commitment to children's mental health funding, and we sincerely hope that the 10,000 kids on the waiting lists for diagnosis and treatment will finally get the help that they need.

Ontario continues to close mental health beds, and we don't actually think that that's an acceptable route to go.

What kind of Ontario do we want to live in? I think you have to ask yourself that question. You're closing jails right now. You're shutting down small communities that have already been impacted tremendously. People who aren't earning any money—when you close things down in small communities, that's not putting any money back into the community. We think that you should have another look at your budget, and you should actually invest in real services for real people in the community.

The Chair (Mr. Pat Hoy): Thank you. We'll go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Nancy, thanks very much for coming in today and making that presentation.

Because of the brevity of time, you didn't get a chance to talk as much about the freedom-of-information impacts. Would you be willing, first of all, to talk a bit about the impacts, and then a bit about what's driving the government on that?

Ms. Nancy Pridham: I'm going to ask Rick to answer that question because he's our expert on the health care stuff.

Mr. Rick Janson: We think it has no place in the budget, actually—the amendment that's put in there, to freedom of information—that it's already restrictive enough. For example, anything to do with patients is already prohibited under freedom of information. Considering that the big complaint from the OHA, from the OMA and from the insurance companies is basically that doctors would be embarrassed and would hide their complaints—they're not asking just that they have their names removed from the report; they're asking for any quality information. It is so broadly worded that any quality information about hospitals would be next to impossible to get.

We're also concerned about the news that came out this week that the legal firm that represents many of these hospitals is actually asking the hospitals to start shredding now, given that we might be coming after this information in 2012. Our feeling, looking at this and looking at what's happening with the recommendations from the law firm, is that by the time it gets around to 2012, what's worth getting won't be worth getting, from a freedom-of-information perspective.

Mr. Peter Tabuns: Your sense of the impact of this amendment going through—what do you think that would mean for patient care and for the people who work in our health care facilities?

Mr. Rick Janson: I think it's going to harm quality. Initially, the government brought in a bill to increase accountability and let the public at it. Groups like us, for example, look very closely at quality issues in hospitals. If we can't get the information, we come here before you, and you ask us, "What information do you have? What data do you have?" and the answer is "None," because it's all hidden away. Basically, you're giving hospitals the tools to do this again through this. It boggled my mind when I saw this amendment, after the government had come so far in terms of opening up hospitals to

freedom of information in the first place. No other province does this. All the other provinces open hospitals up to freedom of information. We're the last province to put hospitals under freedom of information.

Mr. Peter Tabuns: I don't have further questions, but I do want to thank the two of you.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

CUPE ONTARIO SCHOOL BOARD COORDINATING COMMITTEE

The Chair (Mr. Pat Hoy): I would ask CUPE Ontario School Board Coordinating Committee to come forward, please. Good afternoon. You have 10 minutes available for your presentation. The questioning in this round will come from the government. I'd just ask you to state your names for our recording Hansard.

Ms. Terri Preston: Terri Preston.

Mr. Chris Watson: And Chris Watson.

The Chair (Mr. Pat Hoy): Go ahead.

Ms. Terri Preston: Thank you very much for providing us with an opportunity to speak with you today. My name is Terri Preston. I chair the Ontario school board coordinating committee with CUPE. We represent 50,000 education workers, sometimes referred to as support workers, who work in Ontario school boards across the province. My day job is an ESL instructor with the Toronto District School Board.

The reason we're here today is that we have serious concerns with Bill 173, in particular schedule 10, which is an amendment to the Education Act. This schedule abandons the vision of a seamless, year-round early learning program delivered by school-board-employed early childhood educators. The changes to the Education Act that are being proposed open the door—and all but push Ontario's publicly funded school boards through it—into a privatized system that encompasses for-profit and third party agents.

CUPE was very supportive from the outset of the early learning program because of the possibilities that it provided to children. We were quite vociferous in terms of our support for that action. We understood in May 2010 when the government announced that, in a transitional way, they would allow third party operators for a two-year period, I think it was. We understood that school boards needed an opportunity to adjust to providing extended-day and year-round programming for four- and five-year-olds. However, this bill goes much farther than that.

The concern that we have is the difference in the two programming models that are being proposed. I'd like to talk to you a bit about the impact of third party privatization of both the extended-day and the extended-year delivery model.

The early learning program was designed to provide fewer transitions for children and the retention of learning through what's sometimes referred to as the summer learning gap. In particular, children in lower-income areas do not have the same opportunities to go to summer

camps, so having an opportunity to continue in the school system over the summer was a real bonus for those children in terms of their education.

Going to a third party provider increases the transitions that children have over the course of the day. They would be dropped off in a school with one agency, then transferred to the kindergarten class, albeit within the same school but again with different staff. That creates disruptions for children which the original model was meant to eliminate.

For parents, the original model had the opportunity of dropping their child off with the caregiver who would be with them throughout the day. So you could say to them, "Johnny had a rough night last night. This and this has happened," and that information would be with him throughout the day because the child care provider would then be with him during the school day in his kindergarten class. At the end of the day, another child care provider who was also part of the kindergarten program would be with him to communicate with the parents about how the day went.

With a third party provider, there will be that lack of communication between the school program and the parent that sometimes currently exists the way things are currently structured.

In the original model, there would have been a higher level of parent participation in their child's education simply because of the daily interaction with the providers of the care.

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We foresee problems if the intent is to have the extended-day program operated by a third party provider in the same classroom that's being used by the teacher and the ECE during the school day. There would inevitably be discussions around who's using whose materials and that kind of thing.

The curriculum: While the government has said people would be following the same curriculum, there is no way of assuring that there is consistency in curriculum delivery when you're dealing with a third party provider. In terms of that, there would be a lack of continuity both in the personnel and in the programming that the child would be exposed to in the day.

When the program is delivered by the school board, it is fully integrated into the life of the school. When it's being delivered by a third party, the third party is seen as a permit holder, so the person is basically leasing space in a school but is not necessarily seen as being part of the school family.

Children with special needs who are involved in kindergarten have individualized education plans; there is a plan for their education. If there are triggers that trigger certain behaviours, that's all known and shared between the staff. They also have access to professionals who would provide support and guidance to the ECE and the teacher. That does not exist with a third party provider. I would suggest that there would be privacy issues with sharing information that school boards have regarding a student with a third party provider.

In terms of staffing, as we well know, there would be better working conditions for staff that were employed by school boards. With third party providers, as we increase the number of ECEs that would be working in school boards just as part of the rollout of the early learning program, we would see higher turnover of staff in the third party agencies as they move into the full-time jobs that would come up in the school board sector.

The other thing is, if the early learning program was to continue in the way that it was originally envisioned, there would be, on the part of the school board, a singular focus on the quality of the delivery of that program. When we're dealing with multiple providers in school boards, we cannot guarantee standardized programming in the early learning program. We had a unique opportunity, we feel, with the introduction of a new program, to actually have something that is standardized provincially, and we're moving well away from that in terms of schedule 10 that is being introduced through this bill.

I have to say we were a bit surprised to find this policy introduced as part of a budget bill. Generally speaking, this would be a stand-alone bill that should have been debated, not through a finance committee meeting, but through the standing committee that deals with policy issues and social planning issues.

We are very concerned about where this is taking us. We could have and would have been interested in talking if people felt that the two-year transitional period was too short. We would have been open to talking about a longer transitional period if it looked like it couldn't have been implemented in a shorter period of time. The way it stands now, this is not anything that we can support. We were fully supportive of the original plan and would like to see full-day hearings on this issue alone, because I think it is such a departure from what was originally proposed, that it needs a full day of hearings on this.

Thank you.

The Chair (Mr. Pat Hoy): Does that conclude your remarks?

Ms. Terri Preston: Yes.

The Chair (Mr. Pat Hoy): Well, thank you for them, and the questioning goes to the government. Mr. Flynn?

Mr. Kevin Daniel Flynn: Thank you, Mr. Chair, and thank you, Terri, for what you and your members do for our kids on a daily basis.

Obviously, we all look around the province, but we look, I think, to our own communities for things that we do. We're all just ordinary people with families; we often have kids in school. My kid is 31 now, but I do remember when he was in school.

The YMCA provided the before- and after-school programs for my son, for example. I think then it was called First Base. He would go there; he'd have to get bused to it. He'd leave the one school at 3 or 3:30 and he'd end up at the other school at a quarter to 4, or something like that. As a parent, you always worry about that. You always wonder, "Did he get on the bus? Did he get off the bus?" and that type of thing. So I think the fact that a lot of this is now going to take place, or all of it is going to take place, in the one location, in the schools, is

a big step forward for the confidence that parents have when they leave a four- or five-year-old in the care of others for the day.

My experience has been that the YMCA has been intimately involved in the school system for a number of years. Is that true of the city of Toronto, or do you have a different experience? Because I have to say, even though I went to school in the city of Toronto, that was a long time ago. How are the services provided now for before and after school? Is it a combination? Is it the private sector—

Ms. Terri Preston: I don't think the Y is involved currently in the city of Toronto.

Mr. Kevin Daniel Flynn: Okay. So who would be?

Ms. Terri Preston: There are some not-for-profits; there are no for-profit groups that are involved in providing before- and after-school programs. Generally speaking, many of the child care providers that exist in schools are providing from zero to after-school, so they do both the infants and the after-school programs as well. So there is a bit of that, but they're generally run by boards.

Again, in this model, do we think that boards will contract with a bunch of different providers, or would they be tendering out and looking for one provider? I'm not sure that this legislation protects the small, community-based not-for-profit agencies.

Mr. Kevin Daniel Flynn: Okay. A fair comment.

In my own community of Oakville, the YMCA actually came to speak to me when this change took place. They said, "We understand the change and we think it's great, and we'd like to continue to be involved in it." The school boards, in my area anyway, tended to agree with that. We had a gentleman speak to us earlier this afternoon, and he represented the Ys in Burlington, Hamilton and Brantford, I think. I think he said pretty much the same thing, and a previous speaker this afternoon—it may have been from one of the CUPE delegations, or it may not; it was a bit earlier today—said, "If you're going to allow third parties in, at least just make sure they're from the non-profit sector."

Is that something you'd be supportive of, or would you want the Ys completely out of the picture?

Ms. Terri Preston: I think what we're saying is, any third party provider. I'm definitely not in favour of for-profit. But this legislation doesn't prevent that from happening.

The not-for-profit sector, though—when I talk about the differences from the original vision of the delivery of the program, any third party provider, whether not-for-profit or for-profit, would create those same transition problems and lack of continuity in terms of the programming. That was not part of the original vision of the program.

Mr. Kevin Daniel Flynn: Okay. You see, I didn't get that from my own community. That's why I'm interested in what you're saying, because it seemed to me that my own community was supportive of a third party provider. It wasn't a for-profit provider, mind you; it was a YMCA, which I think people feel very comfortable with.

Ms. Terri Preston: But I think the third party provider was talking to you.

Mr. Kevin Daniel Flynn: Well, the third party provider, and I think some of the parents, and I also think the school boards as well. That's why I wanted to know, does the school board in Toronto have an opinion on this? Are you aware of it?

Ms. Terri Preston: They're developing an opinion on this.

Mr. Kevin Daniel Flynn: Okay, super. Well, thank you.

Ms. Terri Preston: Thank you.

The Chair (Mr. Pat Hoy): And thank you for your submission.

COUNCIL OF CANADIANS, SOUTH NIAGARA CHAPTER

The Chair (Mr. Pat Hoy): Now I would ask the South Niagara chapter of the Council of Canadians to come forward, please. Good afternoon. You have 10 minutes available for your presentation. The questioning in this round will come from the official opposition.

Mrs. Laura Albanese: Mr. Chair, it seems like there might be—

The Chair (Mr. Pat Hoy): Yes, I'm watching that as well. There might or might not be a vote in the House, so I'll just say to you that you have 10 minutes for your presentation. The questioning will come from the official opposition. I'm just going to pause for a minute and see what happens. Members here may want to go to the House for a vote.

Interjection.

The Chair (Mr. Pat Hoy): I think we do; I have in the past.

Members want to vote. We'll just recess until this vote is over. It shouldn't take—what have they got, a five-minute bell? So it will take seven minutes, maybe. We'll just recess for this vote. We'll be right back.

The committee recessed from 1631 to 1641.

The Chair (Mr. Pat Hoy): The committee will now come back to order.

We are about to hear from the South Niagara chapter of the Council of Canadians. If you'd just state your name, you can begin.

Ms. Fiona McMurrin: My name is Fiona McMurrin and I'm a resident of Welland, in the Niagara region, speaking on behalf of the South Niagara chapter of the Council of Canadians.

I'm asking you to imagine that behind me is a very large group of residents from the region of Niagara, including councillors from all nine municipalities under the aegis of our large amalgamated hospital, the Niagara Health System; as well as councillors from the Niagara regional council; residents and citizens from the Yellow Shirt Brigade of Fort Erie, the People's Healthcare Coalition of Port Colborne, the Niagara Health Coalition from St. Catharines; and countless patients and their families, whose documented suffering from the repercussions of an ill-conceived hospital restructuring program has

reached our newspapers time and time again. This restructuring program was brought in too fast, with no consultation with local medical professionals, let alone the public.

In addition to these supporters, also imagine behind me, as well as the leaders of the opposition parties, three Niagara MPPs: Tim Hudak, as MPP for Niagara West—Glanbrook; Peter Kormos, from my own riding of Welland; and the courageous Kim Craiton, who has never ceased to go to bat for his constituents over the issue of their right to accessible hospital services.

The Niagara Health System is Ontario's largest hospital. It was created under the previous government in 2000 through the amalgamation of seven local hospitals across the region. In 2013, the NHS will open a new hospital in northwest St. Catharines. This hospital, with 375 beds, will then be the sole full-service hospital for a region earmarked for growth, under this government's own smart growth policy, to nearly half a million people before 2025.

My community has been struggling for nearly three years to get the Ministry of Health and Long-Term Care to reconsider the hospital restructuring plan brought in by the Niagara Health System under orders from the Hamilton Niagara Haldimand Brant LHIN in the summer of 2008. I haven't the time to tell you the full story about the improvement plan, its implementation, the ramifications and the community reactions to it, but I shall tell you that tens of thousands of dollars have been spent by our municipal governments in Port Colborne and Fort Erie putting together comprehensive reports from citizens and medical professionals alike, detailing what the problems are with this so-called hospital improvement plan, which is the restructuring plan.

Thousands of hours and hundreds of kilometres have been logged by our local politicians and our residents at rallies, town halls and meetings at Queen's Park since the summer of 2008—all to try to draw public attention and the attention of the Legislature to the ramifications of the implementation of hospital restructuring and what is happening to us down in Niagara.

The first thing that happened in 2009 was the closure of the ERs at the small hospitals of Port Colborne and Fort Erie. They were downgraded to urgent care centres. The ramifications of that were wide.

In the fall of 2009, a Port Colborne resident called 911 with a suspected heart attack. Niagara EMS, though, wasn't permitted to take him the three blocks to his nearest hospital, Port Colborne, because it had since been downgraded to an urgent care centre. The ambulance had to take him to Welland general some 20 to 25 minutes away. He died before he reached it. His son, lacking funds to pursue an inquiry, will forever wonder if his father died of pre-existing health conditions, as the NHS has claimed, or if his life could have been saved had Port Colborne hospital had the technology, the minimum standards of care technology for an ER, to stabilize him before sending him to Welland.

On Boxing Day of 2009, a traffic accident due to bad weather on Highway 3 in Fort Erie fatally injured an 18-

year-old Fort Erie resident, Reilly Anzovino. Although the crash took place just blocks away from Fort Erie's Douglas Memorial Hospital, she was sent by ambulance to Welland general because Fort Erie's hospital no longer takes level 1 and level 2 cases. She succumbed to her injuries. Her parents are seeking an inquest, and I'm pleased to say that they are receiving financial support.

If you watched the media coverage last August of the release of the Ontario Ombudsman André Marin's report on our LHIN, you will have some idea of what has been going on in Niagara. In fact, the title of his report, *The LHIN Spin*, says most of it. We in Niagara wanted an open investigation. Due to the Ombudsman's restricted mandate, the only issue that could be investigated was the lack of public consultation before the LHIN approved the Niagara Health System's restructuring plan. Marin's report was devastating, showing that the LHIN had failed to comply with the transparency and consultation requirements of the government's own LHIN act.

But the minister has insisted, now as then, that the HIP should continue to be implemented with no changes and no investigation. In fact, the LHIN has denied any responsibility for the problems caused by approval of this plan which it gave the NHS exactly six weeks to put together.

It also utterly failed to take into consideration the fact that there is no regional transit system in Niagara. Niagara property owners, in consequence, are currently paying an additional \$3 million for increased EMS service, and there are other downloaded costs to come, including a new off-ramp off the 406.

The ER closures have increased the wait times at the hospitals in Welland and Niagara Falls. Despite this fact, the Niagara Health System, ordered to continue with its restructuring, has continued to close beds as planned and will do so through 2012. Acute care beds in Fort Erie and Port Colborne have been re-designated as complex continuing care. Therefore the patients, once they're out of the acute stage of care in the St. Catharines General Hospital, are sent to Fort Erie and Port Colborne for their rehabilitation. This is extremely hard on their families who have to visit them and sometimes have to travel as long as an hour from St. Catharines to do that.

Surgeries have been cancelled, and specialist physicians are leaving our smaller towns and cities in droves because all the major departments at the Welland general hospital and Niagara Falls hospital are slated to be closed under this hospital improvement plan. We cannot keep our doctors. All the ER physicians of the Greater Niagara General Hospital of Niagara Falls resigned their hospital privileges in early 2009, refusing to work under these circumstances.

Finally, the longer lineups at the St. Catharines General ER have resulted in the fact that the citizens and elected representatives of St. Catharines and its northern satellite municipalities have begun to understand that what they had been deeming for two years to be a south Niagara problem was actually a Niagara-wide one.

1650

After many resolutions arising from problems with this restructuring had passed in individual municipalities in Niagara, Sue Hotte of the Niagara Health Coalition succeeded in getting one that called for a full investigation of the hospital improvement plan, leaving aside the whole question of a new hospital in St. Catharines, which is desperately needed by that community. She succeeded in getting this resolution passed by seven, and now eight, of the nine municipalities in Niagara. Then, a similar resolution brought forward by Niagara Falls mayor Jim Diodati was amended, in an unusually cordial meeting of the new Niagara regional council in February, and passed at region. This was such a victory for those of us who had been fighting for two years and continually failing to get regional council to pay attention to our concerns. At last, our region is speaking as a whole.

Which brings me to the handout that I have given to you, which is from the Niagara Falls Review—

The Chair (Mr. Pat Hoy): You have about a minute left.

Ms. Fiona McMurran: Thank you. This records the latest event in our efforts to try to get the province to have another look at what's happening in Niagara.

On the second page, you'll see that the four local politicians who went to see Minister Matthews, thanks to Kim Craitor's intervention, have stated that the minister now understands that we've got a problem in Niagara; that it's not simply a discontent with the administration of the hospital—the CEO and president were recently replaced.

The angst, as Mayor Diodati says, comes from discontent with the quality of care of the health care system. We in Niagara want, therefore, to have access to everything that the NHS and the LHINs have discussed under quality of care. Without that, we will not be able to have a full investigation, either under this government or a subsequent government. Without a full understanding of what has gone wrong—and this is not to put blame. I do not believe, and most of us do not believe, that we're talking about individuals here at all. There has been a system breakdown because of the speed in having to do things and also because of financial constraints on an overly large amalgamated hospital. We need some good answers here, though, in order to be able to plan, to move forward and get accessible, reasonable hospital services for the citizens in the Niagara region.

I thank you for your time.

The Chair (Mr. Pat Hoy): Thank you, and the questioning will go to Mr. Tabuns.

Mr. Peter Tabuns: Isn't it the Liberals?

The Chair (Mr. Pat Hoy): Am I out of order here?

Mr. Peter Tabuns: I think you are.

Mr. Toby Barrett: You're out of order.

The Chair (Mr. Pat Hoy): The official opposition, then. Mr. Barrett.

Mr. Toby Barrett: Thank you, Chair—

Mr. Bob Delaney: It's not that he's out of order; he's out of sequence.

The Chair (Mr. Pat Hoy): That's what I meant, but there are many definitions of "order."

Mr. Toby Barrett: Thank you for the presentation. Thank you for bringing us up to date on what has been going on in south Niagara and now, as you say, north Niagara as well. Many of us have chatted with the yellow shirts. That is actually a compelling technique to use. This has been going on for several years now, closing emerg at both Fort Erie and Port Colborne, a decision made by the area LHIN, as I understand, and you highlight the lack of public consultation at that time. I'm assuming that has continued.

You mentioned three provincially elected representatives in the Niagara area. All of us on this committee are elected MPPs. With these deliberations, we do not have staff or bureaucracy on standby to offer direction or advice that theoretically rests with this committee.

Now, as well, you have a cabinet minister in Niagara who is elected as well.

Ms. Fiona McMurran: That's right.

Mr. Toby Barrett: What role has Minister Bradley played in this?

Ms. Fiona McMurran: I think he has not really wanted to get involved in this issue. Initially, it was tricky because the north and the south seemed to be pitted against each other. The new hospital is in his riding. The issue first came up as a question: If that new hospital was going to be the only one the province could afford in the next 10 to 20 years, should it be more in the centre of the riding? He has been sympathetic, but he has been keeping a low profile on the issue, let's say.

Mr. Toby Barrett: I understand it's tricky.

Ms. Fiona McMurran: Yes, it is.

Mr. Toby Barrett: That's why we elect people, actually, to deal with issues like this. You've indicated, with the municipalities to the north—and I get the impression that St. Catharines itself is now right in the middle of it, actually, rather than being able to say that's outside the city.

Ms. Fiona McMurran: Yes, I think so.

Mr. Toby Barrett: You've indicated that as recently as Tuesday, in this newspaper article, there was a meeting with the Minister of Health. But over the years, have the people in Niagara—the various people advocating, the elected representatives—been dealing with the LHIN or have they been dealing with their fellow elected MPP? The Minister of Health is elected as well. We're elected; we talk to each other.

Ms. Fiona McMurran: That's right. They have been dealing at all levels with the NHS and with the LHIN. Our mayors, particularly from southern Niagara, have met numerous times with the minister.

Mr. Toby Barrett: Numerous times?

Ms. Fiona McMurran: Yes.

Mr. Toby Barrett: Not just last Tuesday?

Ms. Fiona McMurran: No, no. For those of us citizens, I'm saying this is a culmination, because we feel we've been trying very hard also to get both citizens and elected representatives from the north Niagara municipalities to see that the plan, as it currently is, is also going

to affect the citizens there, because basically it's going to give us very few hospital beds for a large and growing area.

Mr. Toby Barrett: I see. Going back even two years ago, people were able to go directly to the Minister of Health on this issue.

Ms. Fiona McMurran: As far as I know, yes, that's true. Also, both Port Colborne and Fort Erie put together very, very large submissions that went to the minister's office, explaining what the problems were going to be with the implementation of this restructuring program.

Mr. Toby Barrett: Yes. Okay, then, that's all I have. Thank you.

The Chair (Mr. Pat Hoy): Thank you for your submission.

ALZHEIMER SOCIETY OF ONTARIO

The Chair (Mr. Pat Hoy): Is the Alzheimer Society of Ontario present? Good afternoon. You have 10 minutes for your presentation. The questioning in this round will be from the NDP and Mr. Tabuns. I'd just ask you to state your name before you begin.

Ms. Gale Carey: Thank you. Gale Carey. I'm the chief executive officer with the Alzheimer Society of Ontario. Joining me today is Delia Sinclair, our public policy analyst.

Mr. Chair, members of the committee, ladies and gentlemen, thank you for giving the Alzheimer Society of Ontario the opportunity to present to the Standing Committee on Finance and Economic Affairs on the issues related to dementia as connected to the 2011 Ontario budget.

Today, more than 181,000 people in Ontario have dementia. In 10 short years, this number is expected to increase 40%, to 255,000 people. Dementia is the leading cause of disability in Ontarians over 60, causing more years lived with disability than stroke, cardiovascular disease and all forms of cancer.

Direct costs of dementia to the health system are projected to increase by \$440 million each year through 2020. In partnership with the Ontario government, we have the opportunity to curtail these costs, to ensure that investments are effective and multi-purposed.

The Alzheimer Society of Ontario, founded in 1983, supports a province-wide network of 38 local societies to improve service and care, fund and advance research, educate the communities it serves, and create awareness and mobilize support for the disease.

Our society's vision is a world without Alzheimer's disease and other dementias. We are affiliated with the Alzheimer Society of Canada and with Alzheimer's Disease International.

1700

Local Alzheimer societies offer a range of services, including group supports, counselling, information, public awareness and dementia-specific education for front-line health service providers and those diagnosed with the disease, and their families and caregivers. Some

societies, like ours in Windsor-Essex, also provide day programs and longer-term respite care.

The Alzheimer Society of Ontario and the local societies work in partnership with health service providers, primary care practitioners, long-term-care facilities and clients. We have a long history of working together to improve access to services for clients, promote best practices in dementia care and raise the profile of dementia-related issues.

Now for the crux of our presentation: A close examination of alternate-level-of-care beds in Ontario shows that dementia accounts for 25% of alternate-level-of-care hospitalizations and 34% of alternate-level-of-care days. In addition, over 70% of long-term-care residents have some form of dementia.

The Alzheimer Society of Ontario applauds the government for increasing funding to the community services sector by 3% annually over the next three years. This increase in funding is what is needed to coordinate services for people living with dementia and their caregivers in the community and in long-term care. With funds established for the next three years, the focus must now be on implementing a comprehensive plan that will address the needs of people living in the community and long-term care, and enhance health system performance.

As you may already be aware, the Alzheimer Society of Ontario has developed an action plan to help people living with dementia and their caregivers; 10 by 20: Ontario Action Plan for Dementia focuses on brain health, early intervention, caregiver support, strengthening skills in dementia care across the workforce, and investing in research and the dissemination of findings into practice. The implementation of this plan is now possible using a portion of the indicated 3% per annum investment in the community service sector.

The next program we want to bring to your attention is First Link. It's one program that could benefit from this investment. It provides recently diagnosed individuals and their caregivers with comprehensive and coordinated services by reaching out as early as possible in the disease process. First Link enables collaboration between the diagnosing primary care physician, other members of the primary care team, diagnostic and treatment services, community service providers and the Alzheimer Society.

Many caregivers are not receiving the support they need because they are not aware of the services available to them. Through First Link, primary care providers refer those who are newly diagnosed to their local Alzheimer Society to ensure that caregivers maximize their awareness of existing programs.

Even though evaluation of the demonstration projects shows that the program is effective, First Link is only available to 73% of Ontarians, as York region, Kingston, North Bay, Lanark county, Leeds-Grenville, Sudbury, Toronto, Belleville-Hastings and Prince Edward County continue to face challenges in securing adequate funding for First Link programming there. To ensure that all Ontarians diagnosed with dementia receive the education, information and access to services they need, the First

Link program must be expanded to all communities across Ontario.

An initial investment of approximately \$1.5 million to expand First Link to the remaining nine regions and an ongoing investment of \$400,000 each year to sustain the program are needed to provide this service to all Ontarians. This represents a relatively small portion of the total new investment in the community services sector outlined in the budget.

Respite services offer temporary relief from caregiving, but there are four key issues with respite in Ontario: Caregivers are unaware of available services or often act too late; supply of respite, especially short-term, is insufficient; services that are offered do not fit with family needs, such as hours of service and continuity of staff; and the cost of in-home respite is too high for already strained caregivers.

Still, innovative respite options exist in some regions of Ontario. You can see in the submission that they include the program called Seniors Managing Independent Living Easily, or SMILE, in the southeast; Wesway in the northwest; and the Veterans Independence Program through Veterans Affairs Canada.

By tailoring services to meet their needs, those flexible respite programs enable caregivers to support the person with dementia more effectively and extend independent living for the person with dementia. Most importantly, it keeps people in their homes with those who love them. With a modest investment to expand these existing programs, the Ontario government could reduce the amount spent on institutional care by prolonging the time that people with dementia can remain at home.

Health promotion: Ontario's commitment to health promotion has been demonstrated through the Ontario diabetes strategy, a great first step in reducing costs to the health system by helping people prevent diabetes and manage their current illness. We commend the government on making health promotion and illness prevention a priority, and encourage you to take this approach to increase awareness of the ever-increasing numbers of people being diagnosed with dementia. For people with dementia, treatment support is available, but people need to know what to do and how to do it. They also need help in managing the social and socioeconomic changes that occur once progression of the disease is under way.

Under primary care: The Ontario government has shown commitment to improving access to primary care services for all Ontarians. Access to primary care increases early identification of illness and intervention. The government has already created 200 family health teams across Ontario. They have the capacity to enhance the care received by those in the early stages of dementia who are looking for a diagnosis and intervention options.

An Ontario model of training family health teams to conduct memory clinics has proven effective in increasing the capacity of primary care, providing early diagnosis and comprehensive management of the disease. Developed in Kitchener, 13 teams are currently serving a client base of 300,000. This approach can be scaled to

reach all teams across Ontario. People will be diagnosed earlier and better use will be made of scarce specialist resources.

An investment of \$480,000 each year will expand the training of family health teams in the memory clinic model. The time commitment of family health teams to memory clinics is minimal, but the potential impact is great for those who are struggling with dementia symptoms and their families.

Under mental health: We are pleased to see that the Ontario government has shown commitment to investing in a comprehensive mental health and addictions strategy. While we understand that this strategy will begin with a focus on children and youth, the rollout of the full plan must encompass the mental health and addictions needs of seniors. As the fastest-growing population in our province, they have the potential to place tremendous strain on the system if we are not prepared.

Effectively responding to the needs of seniors should always include a focus on dementia prevalence and its relationship to mental health. A diagnosis of dementia can be challenging for a person to cope with, and both the person with dementia and their caregiver can experience anxiety or depression throughout the course of the disease.

In addition, people with dementia often display what we call responsive behaviours, such as physical resistance or wandering. These behaviours may be due to a variety of reasons, including discomfort in physical surroundings or inability to communicate thoughts and feelings. Currently, no coordinated effort is in place for health service providers to respond to the challenges these behaviours present.

In 2010, the Alzheimer Society of Ontario partnered with the Ministry of Health and Long-Term Care to develop a support system to address responsive behaviours in care settings. The Ontario behavioural support systems project aims to improve the lives of Ontarians with behaviours associated with complex and challenging mental health, dementia or other neurological conditions living in long-term-care homes or in independent living settings. This approach should be expanded to help those receiving care services in their own homes in the community to provide a system-wide approach to behavioural health.

In summary, services available to people living with dementia and their caregivers need to be coordinated through a comprehensive plan to maximize the investment outlined in the 2011 Ontario budget. The projected increase in dementia prevalence of 40% by 2020 means we must respond to the needs of this population today in order to be prepared for tomorrow.

With investment in the community services and mental health sectors, Ontario has the opportunity to implement a comprehensive plan of care to address access to flexible respite programs, primary care and mental health needs, while increasing awareness of dementia, promoting prevention and ensuring people have access to service information through the expansion of First Link.

Thank you so much for your attention.

The Chair (Mr. Pat Hoy): And thank you. Now we'll go to Mr. Tabuns of the NDP.

Mr. Peter Tabuns: Ms. Carey, thank you very much for coming in and making that presentation.

So that I can get some sense of scale—because I talk to people in my riding pretty regularly—there seems to be a lot of people who have a great deal of difficulty accessing any sort of respite or day care for parents or relatives who have dementia. What's the scale of people who are waiting for those services? Can you tell us that?

1710

Ms. Gale Carey: I don't have exact numbers on a wait-list, but I know at the Alzheimer Society, of the 38 chapters that we have across the province, only seven are able to offer some sort of respite care in terms of day centres. So this is why we partner with a lot of community service organizations.

In terms of respite care offered in the home, we can find out those statistics for you and we'll add to the submission, but it's very, very minimal at this point, and it comes at a very prohibitive cost for caregivers, family members and so on.

Mr. Peter Tabuns: I've heard recently that there are significant health impacts on caregivers if they are trying to look after someone, alone, who has dementia, that the strain on them is substantial. Can you give us some sense, again, of the health impacts on caregivers in that situation?

Ms. Gale Carey: Absolutely. Often what we find is that people diagnosed with Alzheimer's tend to live a long period of time, and the strain then becomes for family members and that circle of friends and supporters. As we alluded to in the submission, depression is huge, particularly with caregivers, and the impact in terms of lost time at work and having to quit work.

We find, actually, that in many cases where it's a spouse looking after another spouse, often the spouse who has not been diagnosed with Alzheimer's will succumb to other illnesses prior to the person who had been diagnosed with the disease, simply because people can live for an extended period of time with the disease.

Once again, we will look for and provide you with those statistics; I don't have them with me right now. But it is something we're grappling with at the society: the caregivers.

And when we talk about the clients, often when we have to give our reports in terms of our local societies and how many clients they are working with, many of the reports are asking for only the person who has been diagnosed with the disease, when we find, with the societies, that the clients are actually the caregivers. In the early stages we can work very extensively with the person diagnosed, but as they start to move through those stages, it's the caregivers and the family members who need that extensive support and counselling. They need to know who they can access. They need to know when the time is right, when they need to move their loved one into care and that kind of thing. So it really becomes a challenge for us, simply because we're not counting the

caregivers equally to the person diagnosed, although their problems could be far more extensive.

Mr. Peter Tabuns: Thank you. I don't have any other questions, Mr. Chair.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Gale Carey: Great. Thank you so much.

MS. AMANI OAKLEY

The Chair (Mr. Pat Hoy): Now I would ask Amani Oakley to come forward, please. Her presentation was put on your desk earlier today. It could actually be quite far down, but if you look, you do have it there. It was put here earlier today.

I think you know what happens here.

Ms. Amani Oakley: I do.

The Chair (Mr. Pat Hoy): You have 10 minutes, and there will be five minutes of questioning following that, this time coming from the government. Just state your name and we'll begin.

Ms. Amani Oakley: Thank you. My name is Amani Oakley, and today with me I have a number of individuals who also share concerns with schedule 15, which will be the focus of my comments today. I have Larissa Choldodny on this side of the room. She's accompanied by Michael Leyden, on this side of the room; Joan Jaikaran, at the back; and Neil Oakley, who is my partner and colleague, another lawyer. Everyone has come on very short notice because of the concerns that they have regarding schedule 15.

I looked at the list of presenters today and I anticipated you already would have heard plenty about schedule 15, so I have submissions in front of you. I'm going to deal a little bit with the background, but I will want to skip ahead to some comments that perhaps you haven't heard today from others.

I am a lawyer. I practise exclusively in medical malpractice. I have done so for about 12 years at this point, but prior to that I was a medical technologist at Wellesley Hospital; I spent 10 years there. I also worked at Toronto East General Hospital. I sat on numerous committees while I was a medical technologist, including the president's staff advisory committee, the laboratory quality assurance committee, and dozens of others that I was either on or assisted in putting together. As well as that, I've spent a considerable period of time being the spokesperson for the Toronto Health Coalition in Ontario. So today when I'm speaking to you, I hope that you'll recognize that I am bringing a perspective that is not just that of a lawyer who represents injured people, but also a front-line health care worker and someone who was very active in ensuring that our health care system met the expectations of the people of Ontario.

Bringing hospitals under the freedom-of-information legislation in Ontario, as everyone knows, was a very, very long time coming. Dr. Cavoukian, on several occasions, made comments to the effect that she was, in fact, a little mortified when she would meet her provincial counterparts and find that Ontario remained the only

jurisdiction where hospitals were not under the freedom-of-information legislation. You do have to ask why Ontario taxpayers were not considered important enough to have their right to access information about their local hospitals recognized until well after the taxpayers in the rest of Canada were granted that right.

There's no question that Premier Dalton McGuinty and Health Minister Deb Matthews should be commended for finally bringing forward legislation which would entitle Ontario taxpayers to have the same right to scrutinize their hospitals as most other Canadians have. At a time when the people of Ontario needed to hear from their government that steps would be taken to ensure greater transparency of taxpayer-funded institutions, the Liberals did the right thing and introduced the Broader Public Sector Accountability Act.

I wonder, then, why we are now moving in the wrong direction—and we are doing that. Right on the Liberal website, there remain at least two news releases talking about greater accountability and the need to answer the people of Ontario regarding what goes on in taxpayer-funded institutions such as hospitals. I have excerpts from both of those news releases in my materials.

Speaking on behalf of many clients and patients today, I want to speak about the effect of adverse events and the reason why you should not be considering schedule 15 as an essential part of the budget bill or, in fact, in any other sort of bill.

I'm going to move right to page 5 of my materials, for any of you who are following along.

I am, unfortunately, well aware of the argument that has been advanced by lobbyists for the hospital sector to supposedly justify this exemption of documents from public scrutiny that is being proposed under schedule 15. Minister of Health Deb Matthews justified the reintroduction of this proposed wording, which had already been defeated, by saying that she had spoken to hospital sector representatives. I haven't heard any of them here today. I'm not sure why they're not here, in a public forum, so that the rest of us can hear what justification they could possibly have to seek this backwards piece of legislation. It makes no sense to me, and perhaps it's because they've already had the opportunity to speak to government representatives, but I haven't heard. I think you heard several people here today caution you and say, "Don't simply go by what they are telling you. Ask for evidence." That is going to be a big part of what my submissions are about today.

I want to move to page 6. I'm talking about these assumptions, and I've heard them here today again. I've heard that hospitals and other researchers spout what I'll call nonsense about the fact that we must move away from a culture of blame in health care before we can reduce the level of adverse events. The concept behind this assertion is that, supposedly, if health professionals feel that they will be blamed or may be liable in litigation, then they will not come forward to admit that they have made an error. Going hand in hand with this assertion is the suggestion being made by the hospital sector, again without evidence, that more information

going out to the public will raise the number of lawsuits instigated against hospitals and/or health care professionals. Finally, the prevailing concept out there is that people don't really make individual errors. The errors made are supposedly as a result of systemic problems, and so it would be unfair to single out and penalize individuals. I'm going to deconstruct these issues, and my suggestion to you is that they don't hold water.

First, there's no evidence that health professionals will come forward in greater numbers if they are shielded from blame, and there is equally no evidence that health professionals require these protections to do the right thing and admit when they have made an error.

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Secondly, the available evidence is in fact contrary to this assertion. New Zealand, which has had a no-fault compensation system for medical errors—in other words, you don't need to prove that someone was at fault to get compensation in New Zealand in medical malpractice—has not seen any appreciable increase in the reporting of errors by health professionals when compared to jurisdictions such as Canada.

Third, members of this committee have heard from organizations that represent nurses, medical laboratory technologists, radiology technologists, physical therapists, respiratory therapists, hospital porters, nursing assistants etc. Every single one of these organizations was opposed to allowing hospitals to shield information from patients. Clearly, these professionals are not balking at reporting errors when they occur. They are rejecting the need for a secrecy shield.

Fourth, it is nothing short of insulting to suggest that health care professionals will not come forward and honestly report the occurrences of errors if they are afraid of repercussions. The vast majority of health care professionals are people of high moral fibre and integrity who went into health care because of their commitment to help patients in their time of vulnerability and need. To suggest that a nurse wouldn't admit to giving a patient the wrong medication or that a medical technologist wouldn't admit to mixing up blood samples is simply unsupportable by any true evidence.

When studies are done asking health professionals whether they are more likely to come forward if they don't have any blame assigned to them, are we surprised by the answer? If I could come forward and say that I screwed up and my name isn't attached to that and no blame comes to me, of course I'm going to say I prefer it. That is not the same thing as asking, "If you made a mistake and it affected patient care, would you come forward anyway?" I think that's the question that has never been asked. Who wouldn't prefer no repercussions? But that is not needed here. I think that we are dealing with people of high integrity who simply would not balk at coming forward when patient care is at issue. There are going to be some people who need that. Do we really need to structure legislation to deal with that small percentage of people who won't do the right thing unless they're shielded? I don't think so. If they weren't going

to come forward anyway, I don't think the legislation is of assistance.

Fifth, there's absolutely no evidence that giving more information to patients means that lawsuit numbers will rise; in fact, the evidence is exactly the opposite. In the United States, where a few hospitals have taken the courageous position that regardless of the circumstances, patients are entitled to know the full details of errors—and the hospital has even assisted patients to file a claim—lawsuit numbers have plummeted, and the amount of money that is paid out per lawsuit is reduced. That's the truth of what happens. Do you know why? If you think about it, you have a close relationship with the people who are looking after you in a health care setting. You don't want to sue them. The people who come to me are not chomping at the bit to sue doctors and nurses; they're doing it because it's their last option, because they've tried other things and it hasn't helped.

The Chair (Mr. Pat Hoy): You have about a minute left for your presentation.

Ms. Amani Oakley: Thank you.

Schedule 15, in fact, creates an incentive to sue. When patients are unable to obtain information about things like surgical complication rates, post-operative infection rates, readmission rates etc. through FOI requests, they would be entitled to obtain this information through litigation, if it's relevant to the litigation in question—not the quality committees that you heard about earlier. That is exempted, but this section, 15, would not be. What you've created is a scenario where people need to come to a lawyer if they want information which is being exempt under schedule 15.

People have a right to sue. People are injured, and if there is no scheme available to assist them in that injury, then that is what the legal system is for. We need to stop acting like this is a bad thing. Lawsuits often spur on changes and improvements. In fact, every lawsuit ought to be used by hospitals as an example of what went wrong and what we can do to repair things.

The prevailing intelligence is that individuals make mistakes because of systemic errors—sometimes yes, sometimes no. Still, the person has to understand their responsibility as a professional. As a lawyer, if I'm talking to you about limitation periods, and I miss a limitation period for my client, I'm going to face a lawsuit. Is it probably because I'm overworked? Yes. Is it still my responsibility? Yes. The same goes for hospitals.

Remember that all compensation paid to an injured patient is taxpayer funds. When we talk about a balance, the balance goes to the taxpayer and to the patient. If we happen to be successful in litigation, the money that is paid to my injured client comes from taxpayer funds. So, by the way, does their entire defence. I am facing off against taxpayer-funded defendants on the other side.

Lawsuits are indeed stressful, regardless of which side you're on. But again, you've got a scenario here where, if the health care professional has done the right thing in a hospital setting, the hospital will almost always cover them. They do not have to go find their own lawyer.

Again, it is an inconvenience, it is a difficulty, to know you're facing off on a lawsuit. But why don't we think about the person who has been injured on the other side, who doesn't have resources, who has to find out of their pocket money to get a lawyer and to fight a huge system here?

The Chair (Mr. Pat Hoy): I'm going to move to questioning now.

Ms. Amani Oakley: Okay.

The Chair (Mr. Pat Hoy): The questioning will come from the government. Mr. Flynn.

Mr. Kevin Daniel Flynn: Thank you, Ms. Oakley, for your presentation. I'll tell you what I propose to do. You kind of rushed through the end there; I'm going to ask you basically one question that I think you can answer really quickly. You and I have each other for five minutes; if you want to use the rest of that time to maybe expand on anything you weren't able to in your presentation, feel free to do that. But as I understood what you said, you were quite happy when the Broader Public Sector Accountability Act and the changes were proposed.

Ms. Amani Oakley: Correct.

Mr. Kevin Daniel Flynn: And what you find offensive is the amendment that is contained in schedule 15?

Ms. Amani Oakley: Correct.

Mr. Kevin Daniel Flynn: Okay. I understand that completely. If you had anything else to add that you had to rush through at the end, take the time to do that.

Ms. Amani Oakley: What I will say is this. As I said, the question has come up repeatedly today, and I would like to address it directly. That is this question of balance and the question of whether names need to be blocked out and that sort of thing. I think Natalie Mehra, with the Ontario Health Coalition, mentioned it earlier: You need to ask people why that's necessary.

You should not have a knee-jerk response to this: "Oh, yes. Well, names shouldn't be mentioned." Why not? If you have the same doctor who has been involved in 20 infections from surgery, is there some reason why that doctor should be given the entitlement to have his name blocked off as opposed to the patient who wants to know, "Why did I get a post-operative infection?" and, perhaps, finding out that the same doctor has been involved over and over again in these issues? If you think about it, in any other area of society—if I go to the Bay, and someone is rude to me at the counter, I'm entitled to find out who that person is. Why then am I not entitled to know what nurse took my blood in emergency? How could that be less important than the person at the Bay who treated me rudely at the perfume counter?

I think there's this knee-jerk thought that says, "Oh, we can't let names out." I would agree only on this: The names that should be protected are of people who may be coming forward to report on someone else's injury or issue. But for the people who have been involved in giving the wrong medication or the wrong dose or hanging the wrong blood and infusing it, I don't understand why that person should be given any more

right than, let's say, a police officer. He is not allowed to shield his name from me. In fact, in the hospitals, they must wear name tags. How odd then that when I then come back and say, "Which nurse hung my blood?" the answer would be, "We're not allowed to give you that."

Generally, with freedom-of-information legislation, the question is asked whether the information relates to a person privately or whether it relates to a person in employment. If you are a nurse or a doctor or a technologist, and this is your employment, and this is how you are involved, then the person asking the question is entitled to know your name. It is so with every other sphere. I don't know why there are the hallowed halls of the hospitals that you step into, and whereas I can figure out if a police officer beat me up behind a cruiser, I'm not allowed to know who gave my father the wrong medication so he ended up dying.

I would say, always ask for evidence. So far, I'm not hearing evidence. I'm hearing the sort of repeated words that sound good. It's like when everyone jumped on the bandwagon and said Gordon Lightfoot died, right? It went around all over, and everyone reported it. Gordon Lightfoot had to come out and say, "I didn't die."

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Let's not do that here. Do not assume that people will not come forward, because these are professionals. I will tell you, I have myself encountered this when I was a medical technologist. I mixed up samples. I freaked. I was alone; I was doing an evening shift. I mixed up a sample. I called the doctor at home, because I thought the patient had a really high glucose, but they didn't. The answer was—the next day, I told my supervisor what had happened. That's the right thing to do. I don't think we should be rewarding people who somehow bury that mistake.

Those are my points, unless, Mr. Flynn, you have any follow-up for me.

Mr. Kevin Daniel Flynn: No, thank you. It was a good presentation.

Ms. Amani Oakley: Thank you very much.

The Chair (Mr. Pat Hoy): Thank you.

MS. LORRAINE BLUE

The Chair (Mr. Pat Hoy): Now I call on Lorraine Blue to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this case, it will come from the official opposition. Just state your name and you can begin.

Ms. Lorraine Blue: Thank you. Good evening. My name is Lorraine Blue. I would like to just apologize for the fact that I left off that this is dealing with Bill 173, schedule 15, and also for any typos that you will find in this document. I had to operate under the time restraints that I had.

First of all, I would like to thank you for providing me with this long-awaited opportunity to speak to you on behalf of my deceased father, Christopher Francis Blue,

as well as for all Ontarians who use and pay for the publicly funded Ontario health care system.

I am also here today at the insistence of Justice L.B. Roberts of the Superior Court of Ontario, before whom I appeared as a self-represented litigant speaking out for my deceased father and all Ontarians. I will reference court file number 07-CV-325957PD1.

To be clear, I sued in frustration as a last resort, so that the truth would be told in the death of my father. Unfortunately, that has yet to happen. I wanted, and am still actively seeking, accountability, justice and transparency in the Ontario health care system in its entirety, and access to information that, in a democracy, must be available to the public.

I was offered the sum of \$10,000 by University Health Network and the medical transportation company involved and told that if I took this money, I could never speak of my father's case again or I would be sued. I refused this money, as I considered any monetary compensation as blood money, because this would not bring back my father and it would not right the wrong that had occurred, especially for people who still put their lives in jeopardy using the Ontario health care system.

My father died needlessly, and I want to ensure that his life and his death have a positive outcome for all. That is why this amendment to Bill 173, schedule 15, is being opposed by patients like me. I oppose the hospital secrecy law on the grounds that the public must have a right to know what is going on in hospitals funded by taxpayers.

In her endorsement of May 25, 2009, Justice Roberts states: "While I appreciate that Ms. Blue feels strongly about her action, for the reasons that I set out in my endorsement of April 14, 2009, Ms. Blue does not have a cause of action against the Ontario Ministry of Health. It is up to the Legislature and not the courts to decide whether or not it is appropriate to make the changes to the health care system which are advocated by Ms. Blue."

I was horrified to learn that the Ontario Ministry of Health does not owe a duty of care to any individual who uses the Ontario health care system. This means that there is no accountability to anyone in Ontario using the health care system and no place to lodge a complaint. The UHN hospital ombudsman, Sharon Rogers, who happens to also be on the Ontario sunshine list, refused to do her job when requested repeatedly by family to do so. I'm just going to reference; you can see the attached document from UHN, which is the patient relations mission statement. She violated every single one of the mission statements.

I have also learned that the Ontario Ombudsman's office does not have any oversight on hospitals. I strongly urge the Legislature to ensure that this power be given to the Ontario Ombudsman.

I am here today to tell you my father's story, which I am hoping will effect positive change, accountability, transparency, access to information and, ultimately, justice in our free and democratic society. Now even more than ever, the amendment to Bill 173, schedule 15,

needs to be defeated so that this can occur and Ontarians can be safe using the health care system, accessing important information and knowing that someone is accountable.

In January 2005, my critically ill father, aged 70, passed away at Sunnybrook Hospital after being forcibly removed, on a freezing January night, while in unstable physical condition, without coat or shoes, from Toronto General Hospital, part of the University Health Network, as staff involved were videotaped laughing outside the hospital. This was actually on the news. I'd like to please refer you to the attached media articles that I have provided to you:

—the Toronto Sun, Saturday, January 8, 2005, entitled "Health Care Squeeze Play." This was the front page, continued on page 5, by Kevin Connor;

—Toronto Sun, Tuesday, January 11, 2005, "A Rough Ride for Stroke Patient," by Kevin Connor;

—Globe and Mail, Friday, January 14, 2005, "Patient's Family, Hospital at Odds," by James Rusk;

—Toronto Star, Friday, January 21, 2005, "Hunt on to Find Hospital CEO," by Tanya Talaga and Sharda Prashad;

—Toronto Star, January 24, 2005, "Family: Probe Death of Dad, 71," by Debra Black.

Also, please see the letter dated January 5, 2005, from the law firm Bennett Jones and University Health Network lawyers—Eric Hoaken, specifically—ordering the removal of my father by Friday, January 7, 2005, by taxi, for which the hospital will bear the expense, while my father was critically ill, his blood pressure 80 over 60, paralyzed and unable to speak.

I should note for the record that this story was covered Canada-wide by CTV News, Global News, City TV, OMNI News multilingual channel and many other media not mentioned here.

Dad was discharged against his will by a physician at University Health named Dr. Howard Abrams, who did not have legal consent to treat my father, and did not have it from the substitute decision-maker, who I was. On Wednesday, January 5, 2005, Dr. Howard Abrams attached a handwritten note to the CCAC form, stating, "CCAC form provided to Mr. Blue as a courtesy. TGH physician"—underlined and in bold—"not to sign. Mr. Blue can take form to family doctor to arrange CCAC assistance," signed Dr. Howard Abrams. That form is attached for you with the letter.

He ticked off on the CCAC form, as a courtesy to my father, that my father only needed speech therapy in his critically ill condition. All he needed was speech therapy, but somehow he was going to take this form himself—paralyzed and unable to speak—to a doctor to get assistance on a cold January Friday night.

It is my understanding that no other physician saw or assessed Dad at any point over the next two days before Dad was forcibly removed on that sub-zero night on Friday, January 7, 2005. Dad was taken, at UHN request, to his home, against his will, the will of his family and his lawyer Amani Oakley, who just spoke before you, by an unqualified medical transportation company, which is

currently being investigated as part of the Ombudsman SORT team, and he was left on the cold street in front of his home on a gurney.

Our family requested that Dad be transferred to another hospital because clearly—and I'm not a doctor—he was critically ill, but our request was denied. I personally phoned 911 from my cell phone, and EMS arrived. They assessed Dad as being critical and transported him to Sunnybrook Hospital, where he was admitted, put on life support and dead within a week. Clearly, you don't need medical records to see that somebody wasn't telling the truth.

UHN CEO and president Tom Closson, who resigned from the hospital the night my father died—and I refer you to the Toronto Star article from Friday, January 21, 2005, "Hunt on to Find Hospital CEO"—was intimately familiar with the details of my father's lack of care, as I kept him abreast of the situation via numerous emails and phone calls during my father's time at UHN.

Closson, who is now the president and CEO of the Ontario Hospital Association, one of the main groups lobbying for this hospital secrecy law, was responsible for my father's removal from the hospital in his unstable condition. According to the two attendants with Paladin Medical Transfer who drove my father to his home, the president of the hospital—Closson himself—ordered them not to transfer my father to another hospital and to only take my father to his home. Why would you do that? Why wouldn't you want him to get assistance?

Here are some examples of the kinds of questions I would like to ask that the insurance and hospital lobbyists don't want to answer: How many patients have been discharged without consent and without an assessment by a staff physician in their care within their last six hours in hospital? How many resulted in return visits to a hospital, and what was the outcome? How many situations like this resulted in investigation and binding recommendations? How many resulted in independent external investigations, for example, by the coroner's office, inquest or public inquiry? That certainly has not yet happened with my father.

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I attach for you a page from Andrew L. McCallum, Chief Coroner for Ontario, where this is what he states when I requested an inquiry into the death of my father: "Regarding section 20(b) of the Coroners Act, when deciding whether to call an inquest, the coroner must consider the desirability of the public being fully informed of the circumstances of the death through an inquest, bearing in mind that inquests are held to serve the public interest. For the purposes of administration of the Coroners Act, this office considers actions in the public interest to be those which advance the public good, especially as these relate to public safety. In this case, there has been extensive media coverage which has provided at least some information to the public. However, the issues that exist between your family and the University Health Network are private interest matters. It is clear that there was a major disagreement between you and the hospital regarding the appropriateness

of discharge of your father. Careful review of the record does not reveal to me any broader substantive issue that would affect the greater public good. I therefore conclude that Dr. Evans correctly determined that there would not be a benefit to the public being informed of the circumstances of the death through an inquest. You are aware, I am sure, that there are other avenues which are appropriate to deal with legal responsibility. An inquest jury cannot make any finding of legal responsibility, as set out in S. 31(2) of the Coroners Act.

"The final matter considered by Dr. Evans was whether or not a jury on an inquest might be able to make recommendations directed to the avoidance of death in similar circumstances.... Given the severity of your father's medical disorders, I do not believe that a jury would be able to make recommendations which could be useful for preventing a death in similar circumstances....

"Therefore, based on the foregoing, I have determined that an inquest will not be held into the death of your father, Christopher Blue."

The Chair (Mr. Pat Hoy): You have about a minute left for your presentation.

Ms. Lorraine Blue: Okay. Sorry.

A few other questions that I wanted to ask that I would be prevented from asking would be: How long is the average wait time from the last staff physician assessment until you're discharged? What are the associated demographics? Are there any emails, internal reports, or meeting minutes regarding policies or practices about physician assessment before patient discharge?

In a Queen's Park committee hearing on November 23, Polly Stevens, vice-president of HIROC, testified that she specifically wanted to exclude answers to questions like: "Do you have physicians personally see patients before they are discharged?"

HIROC and OHA refused to define parameters or limit the scope of application for this hospital secrecy law, which will deny access to hospital quality information.

I should also mention to you that, prior to my father's removal from UHN, I had personal contact with my father's MPP, now Energy Minister Brad Duguid; Premier McGuinty and former health minister Smitherman. I was promised that Marnie Weber, the Toronto regional director of MHLTC, would assist my father and protect him against this unwarranted abuse of power. Unfortunately, these promises were empty promises which cost Dad his life.

I ask you to please see attached Smitherman's letter, date-stamped February 23, 2005, to the Toronto Health Coalition, which states: "Given the involvement of the Coroner—I just read the response from him—"it is not appropriate for the ministry to undertake a review of Mr. Blue's case as it is now within the jurisdiction of the Coroner's Office.

"Thank you for bringing your concerns to my attention."

Since my father's death in 2005, I have repeatedly faxed, registered-mailed and phoned Premier McGuinty

to request a personal meeting with him to discuss my concerns and those of all Ontarians. There has never been even an acknowledgement or response to any of my communications, and I attach for you the latest letter that I sent to him, with the Xpresspost documentation, to both his Ottawa office and Queen's Park.

I must also advise you that my father's lawyer, Amani Oakley, had arranged a private autopsy for my father at Sunnybrook Hospital. Unbeknownst to the family and Amani Oakley, someone had contacted the coroner to take my father's body and perform an autopsy before our independent autopsy without notifying the family for over 48 hours. I have provided you with those documents, the warrants, in my papers here.

I made a request in October 2010, through the IPC, using the FIPPA laws, to request the entire contents of the coroner's file. The law orders that this material be released to me within 30 days of request. It is now six months later, and I am still waiting for the information and the results of my appeal to the IPC.

In closing, I hope that the story of my father, Christopher Francis Blue, a case study for change in the Ontario health care system, will be sufficient reason for you to vote against the amendments to Bill 173, schedule 15. This horrific event did not happen in Iraq, Afghanistan or Darfur. It happened about a block down the road here, in Ontario, at a so-called world-class hospital. Dad's case exemplifies how the system failed and how it prevents accountability for everyone. I did everything that I was supposed to do, but the system failed me and my father, and it still fails Ontarians to this day.

My dad is dead. May he rest in peace. I love him and I miss him dearly, especially at this Easter time, when you all get together with families and celebrate life. I can no longer do this, and I still don't have any answers as to why or how this happened to my father, despite my seven years of efforts to do so. Please, on behalf of my late father and all Ontarians, help us to now, even more, make a positive change. Vote down this amendment so that we can have hope for the future for our loved ones and all Ontarians. Let my father's life and death have been for a reason: to effect positive change in the Ontario health care system.

I thank you on behalf of my father, Christopher Blue, myself, and all Ontarians.

The Chair (Mr. Pat Hoy): Thank you very much. Mr. Barrett will ask the questions.

Mr. Toby Barrett: Thank you for coming forward to the committee. You've obviously put so much into this over the last seven years. I would hope that perhaps we can bring your work to closure. Mr. Miller and I will be putting forward an amendment, and we recommend that schedule 15 be scrapped, that it be removed from this legislation. It nullifies any effort to increase transparency or accountability in our health care system, in the hospital system. The existing legislation seemed to have a good balance there.

You're not alone. We started hearings at 8:30 this morning—there were several breaks because the Legisla-

ture is sitting—and it seems like almost half the presentations today are in agreement with what you are saying. I wondered if you wanted to say a few more words—we have a couple of minutes left—and I'll stop talking.

Ms. Lorraine Blue: Sure. The one other thing that I would like to mention is that I was a self-represented litigant in court. As you know, as Amani has mentioned, the other side had public funding and I had to do this on my own.

The last time I was in court, my lawsuit was dismissed. I told the court that I was there not only for my father but for all people in Ontario, so that we can make change in the system. Then the lawyers stood up—one for the hospital, one for the doctors, one for Paladin medical transportation—and they said, "Well, Your Honour, we think now that she should pay us \$100,000 in court costs." I just looked at them and I said to the judge, "Well, Your Honour, you know what? I'm here doing what I think is the best thing to do to effect change. I had been told by Justice Roberts to come to the Legislature. Premier McGuinty refuses to meet me. I can't get anyone else to do anything, so this is my only way of trying to effect change and ask for someone to hear me, to make a difference." I said, "I put their lives, our lives, in the hands of"—this is the Ontario Superior Court. "If you feel, after hearing my father's story, that I should pay these people \$100,000, so be it." And the judge looked at them and said, "Zero."

It's a dissuasion for people. People want to come forward, but it takes a lot of effort out of you, and time, and there's the threat that maybe you could lose your house or something, and that's not right.

Mr. Toby Barrett: We have to have people come forward to continue to improve our health care system. It's like the centuries in marine—like shipwrecks. You learn something from every shipwreck. There's often an inquiry, and there are improvements made in ships and boats with every tragedy, with every mistake.

Ms. Lorraine Blue: And there should be some format for people to have an inquest or something that's not just dependent on having the coroner say so or something. It must be much more user-friendly. I guess that's what I want to say. Right now, it's hard to access.

Clearly, my dad's case was not just between the family and the hospital. This story went across Canada. It affects all people who use health care. Someone should be able to say, "We need to investigate this." The Premier himself should be able to say that, and I believe he can, because he requested an inquiry into police treatment of someone in Ottawa. But something down the road here—I don't know why we're not talking about it and dealing with it.

Mr. Toby Barrett: Thank you very much.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Lorraine Blue: Thank you.

The Chair (Mr. Pat Hoy): We are adjourned.

The committee adjourned at 1750.

ERRATUM

No.	Page	Column	Line(s)	Should read:
F-25	616	1	24-27	Ayes Albanese, Bisson, Flynn, Jaczek, Leal, Norm Miller, Pendergast.

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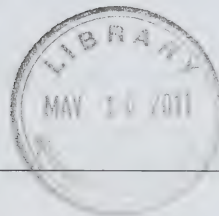
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Second Session, 39th Parliament

Assemblée législative de l'Ontario

Deuxième session, 39^e législature

Official Report of Debates (Hansard)

Thursday 5 May 2011

Journal des débats (Hansard)

Jeudi 5 mai 2011

Standing Committee on Finance and Economic Affairs

Better Tomorrow
for Ontario Act
(Budget Measures), 2011

Comité permanent des finances et des affaires économiques

Loi de 2011 sur des lendemains
meilleurs pour l'Ontario
(mesures budgétaires)

Chair: Pat Hoy
Clerk: Sylwia Przedziecki

Président : Pat Hoy
Greffière : Sylwia Przedziecki

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 5 May 2011

Jeudi 5 mai 2011

*The committee met at 0903 in room 151.*BETTER TOMORROW
FOR ONTARIO ACT
(BUDGET MEASURES), 2011LOI DE 2011 SUR DES LENDEMAINS
MEILLEURS POUR L'ONTARIO
(MESURES BUDGÉTAIRES)

Consideration of Bill 173, An Act respecting 2011 Budget measures, interim appropriations and other matters / Projet de loi 173, Loi concernant les mesures budgétaires de 2011, l'affectation anticipée de crédits et d'autres questions.

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We are here this morning for clause-by-clause consideration of the budget measures.

Are there any comments or questions before we begin? Hearing none, we'll get right to our business.

Section 1 has no amendments. Shall that carry? Carried.

Section 2 has no amendments. Shall it carry? Carried. I'm going to ask for hand votes on these matters.

Section 3 has no amendments. Shall it carry? All in favour? Opposed? Carried.

Schedule 1: Sections 1 and 2 have no amendments. Shall they carry? Opposed? Carried.

Schedule 2: Sections 1 through 7, inclusive, have no amendments. Shall they carry? All in favour? Opposed? Carried.

Schedule 3: Sections 1 through 2, inclusive, have no amendments. Shall they carry? Opposed? Carried.

Shall schedule 3—I'm going too quickly here. We have to go back to the beginning.

Sections 1 through 3: I asked if they should carry and you said yes.

Shall schedule 1 carry? All in favour? Opposed? Carried.

Shall schedule 2 carry? All in favour? Opposed? Carried.

Shall schedule 3 carry? All in favour? Opposed? Carried.

Now, schedule 4: Sections 1 through 5, inclusive, have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 4 carry? All in favour? Opposed? Carried.

Schedule 5: Sections 1 through 2 have no amendments. Shall they carry? Opposed? Carried.

Shall schedule 5 carry? All in favour? Opposed? Carried.

Schedule 6: Sections 1 through 2 have no amendments. Shall they carry? All in favour? Opposed? Carried.

Schedule 6: Shall it carry? All in favour? Carried.

Schedule 7: Sections 1 through 8 have no amendments. Shall they carry? Opposed? Carried.

Shall schedule 7 carry? All in favour? Opposed? Carried.

Schedule 8: Sections 1 through 7, inclusive, have no amendments. Shall they carry? Opposed? Carried.

Shall schedule 8 carry? All in favour? Opposed? Carried.

Schedule 9 has no amendments. Sections 1 through 2, inclusive: All in favour? Opposed? Carried.

Shall schedule 9 carry? Opposed? Carried.

Schedule 10: Sections 1 through 4 have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 10—

Interjections.

Mr. Peter Tabuns: I have a motion with respect to—

Mr. Norm Miller: It looks like there's an amendment on that one, Chair.

Mr. Peter Tabuns: Don't get ahead of yourself, Chair.

The Chair (Mr. Pat Hoy): Schedule 10, section 4: Shall it carry? Carried.

Shall schedule 10—

Mr. Peter Tabuns: No.

The Chair (Mr. Pat Hoy): Now we have an amendment to section 5—there are two lines on my sheet. There is an amendment to schedule 10, section 5.

Mr. Peter Tabuns: Correct.

The Chair (Mr. Pat Hoy): It is an NDP motion. Mr. Tabuns.

Mr. Peter Tabuns: I move that section 259.1 of the Education Act, as set out in section 5 of schedule 10 to the bill, be amended by adding the following subsection:

"Not-for-profit operator

"(2) The operator of a third party program in a school of a board must be a not-for-profit agency or a municipality."

I was very surprised that the government did not, in fact, put this condition into this schedule in the first place. There is clear evidence—we've had it presented to us in pre-budget consultations; we had it presented to us in debate on this bill itself—that non-profit child care, publicly run child care, results in better outcomes. More money goes into looking after the children. There is just no question that it is superior.

So you, Chair, should be urging other members of your party to support this amendment to ensure that any future child care centres operating in schools, if they're not run by the schools themselves, are run either on a non-profit basis or by municipalities. It's a question of quality and it's also a question of keeping profit-making businesses out of the schools where, in fact, they shouldn't be operating. We have an issue in North America with private, for-profit child care. I think that direction is one that's problematic for child care. We should not, in this province, be opening the door to their operation in our schools.

0910

The Chair (Mr. Pat Hoy): Any other comment? Mr. Miller.

Mr. Norm Miller: I have a philosophical difference with the NDP on this motion. I certainly don't have any bias against for-profit operators, as long as they are properly licensed by the province of Ontario. I think there are many well-run for-profit operators, so I will be voting against this motion.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Peter Tabuns: Then I would ask for a recorded vote on this.

Ayes

Tabuns.

Nays

Barrett, Delaney, Jaczek, McNeely, Norm Miller, Pendergast, Sandals.

The Chair (Mr. Pat Hoy): The motion is lost.

Shall schedule 10, section 5 carry? All in favour? Opposed? Carried.

Now we're on to schedule 10, section 6. There are no amendments on sections 6 through 14, inclusive. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 10 carry? All in favour? Opposed? Carried.

Schedule 11 has no amendments in sections 1 through 2, inclusive. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 11 carry? All in favour? Opposed? Carried.

Schedule 12 has no amendments in sections 1 through 5, inclusive. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 12 carry? All in favour? Opposed? Carried.

Schedule 13 has no amendments in sections 1 through 3. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 13 carry? All in favour? Opposed? Carried.

Schedule 14, section 1, has no amendments. Shall it carry? All in favour? Opposed—

Interjection: We have one.

Ms. Leeanna Pendergast: Section 14 has an amendment.

The Chair (Mr. Pat Hoy): Now we do have an amendment.

Interjection.

The Chair (Mr. Pat Hoy): Yes, we do. At section 1.1, though.

Schedule 14, section 1: Shall it carry? All in favour? Opposed? Carried.

Now we are at schedule 14, which has a new amendment. We won't miss them. Mr. Miller?

Mr. Norm Miller: Thank you, Chair. I move that schedule 14 to the bill be amended by adding the following section:

"1.1 The act is amended by adding the following section:

"Clearance certificate

"4.0.1(1) Every estate representative shall obtain a clearance certificate from the Minister of Revenue before distributing to one or more persons any property in the possession or control of the representative acting in that capacity.

"Same

"(2) The clearance certificate shall certify that the following amounts have been paid or that security for the payment of those amounts has been accepted by the Minister of Revenue:

"1. Amounts for which the deceased person is or can reasonably be expected to become liable under this act at or before the time the distribution is made.

"2. Amounts for which the representative, in that capacity, is or can reasonably be expected to become liable to pay.

"Application for certificate

"(3) The estate representative shall apply for the clearance certificate in the manner prescribed by the Minister of Finance.

"Personal liability

"(4) If an estate representative distributes to one or more persons property in the possession or control of the representative, acting in that capacity, without obtaining a clearance certificate, the following rules apply:

"1. The representative is personally liable for the payment of the amounts described in paragraphs 1 and 2 of subsection (2) to the extent of the value of the property distributed.

"2. The Minister of Revenue may at any time assess the representative in respect of any amount payable because of this subsection, and sections 4.2 to 4.8 apply, with any necessary modifications, to an assessment made under this subsection.

"Appropriation of property

"(5) For the purposes of subsections (1) and (4), an appropriation by an estate representative of property in the possession or control of the representative acting in that capacity is deemed to be a distribution of the property to a person."

Chair, an explanation of why we brought this amendment forward: We had Barry Corbin, a lawyer in estate planning, comment to the committee in public hearings, and he pointed out that the amendment that was before the committee prior to this allows for up to four years for the government to ask for more tax. This would delay the distribution of the estate, as the estate wouldn't be able to get a clearance certificate as they could before. This amendment would allow for that clearance certificate process to be put back into effect.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Tabuns.

Mr. Peter Tabuns: Could I ask a question of the parliamentary assistant as to whether or not the government concurs with this amendment? If not, why not, and if yes, why?

Ms. Leeanna Pendergast: Absolutely, Mr. Tabuns. You may ask. Go on.

Mr. Peter Tabuns: I see. And is there the potential for an answer?

Ms. Leeanna Pendergast: Absolutely. It's a technical answer, so I'm going to give you a very specific technical answer.

The proposed opposition amendment is designed to avoid the possibility of an estate representative becoming personally liable for the estate administration tax. This amendment is unnecessary, as section 2 of the Estate Administration Tax Act, 1998, provides that the tax is payable by the estate and that the estate representative is not personally liable under the act for this tax. It is intended for the tax to be collected from the estate, and the estate representative is not personally liable for unpaid tax. The estate representative pays the tax from estate assets as the person who controls those assets and acts for the estate.

Mr. Peter Tabuns: Thank you.

The Chair (Mr. Pat Hoy): Any other comments? Hearing none—

Mr. Norm Miller: Recorded vote, please.

Ayes

Barrett, Norm Miller, Tabuns.

Nays

Delaney, Jaczek, McNeely, Pendergast, Sandals.

The Chair (Mr. Pat Hoy): The motion is lost.

Schedule 14, sections 2 through 6, have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 14 carry? All in favour? Opposed. Carried.

Now we are at schedule 15, and there is a government amendment. Ms. Pendergast.

Ms. Leeanna Pendergast: I move that section 1 of schedule 15 to the bill be struck out and the following substituted:

"1. Subsection 18(1) of the Freedom of Information and Protection of Privacy Act is amended by adding the following clause:

"(j) information provided in confidence to, or records prepared with the expectation of confidentiality by, a hospital committee to assess or evaluate the quality of health care and directly related programs and services provided by a hospital, if the assessment or evaluation is for the purpose of improving that care and the programs and services."

The Chair (Mr. Pat Hoy): Any comment? Ms. Sandals.

Mrs. Liz Sandals: I understand that there's been a fair bit of comment so I'd like to begin with giving a little bit of background in terms of what information is available to the public with respect to hospitals.

Firstly, the government extended the right of the Auditor General to review hospitals, and that actually has been ongoing. Public accounts has reviewed procurement on two different occasions. Public accounts has reviewed hospital governance. So the Auditor General has the authority to go in, look at and make public comment on those issues.

Secondly, hospitals are and will continue to be included in FIPPA, the standard freedom of information and protection of privacy legislation.

0920

Thirdly, hospitals are required and will continue to be required to release personal information about a patient to the patient under PHIPA, personal health information. It's important to note that legislatively, PHIPA, the right to personal access of information and privacy protection, trumps FIPPA.

Again, hospitals are required in other legislation to post infection control data, so for example, there is and continues to be the requirement that all hospitals publicly report on eight patient safety indicators. That includes C. difficile infections; methicillin-resistant staph, or MRSA; vancomycin-resistant bugs—VRE is the standard; hospital standardized mortality ratios; central line primary bloodstream infections; ventilator-associated pneumonia; hand hygiene compliance; and surgical safety checklists. All hospitals will continue to be reporting on all those things to the public and publicly posting them, so all of this continues. But when the Broader Public Sector Accountability Act was being debated back in November, the issue was raised that the way in which FIPPA would appear to apply to hospitals could create what was called a chill factor on solving patient care issues.

The committee received some correspondence from the Ontario Medical Association, and I think maybe the simplest thing is to recollect what the OMA had to say on the issue, which is:

"Improvements in patient safety come most quickly when physicians, nurses, and other health professionals feel they can raise and discuss issues of quality and patient safety without being 'blamed or shamed.' Most patient safety incidents are the results of a complex series of factors in which many staff are involved. For example, if a patient receives the wrong medication, it is not only the nurse who gave the medication to the patient, but also the physician who ordered it, the pharmacist who dispensed it, and any other individuals involved who need to discuss this event. In order to learn from these experiences, staff needed to deconstruct the event and identify how it could be prevented in the future. Staff are unlikely to have this discussion outside of a protective environment."

Recognizing the discussion around this chill factor, the government proposed a motion in schedule 15, section 1, which, as originally introduced, would amend the Freedom of Information and Protection of Privacy Act, or FIPPA, as I was referring to it, to allow the head of a hospital to exempt records that would reveal information provided to or prepared by a hospital committee for the purpose of assessing or evaluating quality of health care and directly related programs or services provided by the hospital.

In response to the comments that were made by stakeholders at the public hearings, the government has proposed amending schedule 15 to actually narrow the exemption, so that it's very clear that it would apply only to information that is provided to or prepared by a hospital committee for the purpose of improving health care where the persons providing the information or preparing the records have an expectation of confidentiality. To put that in plain English: to allow the discussions that the OMA is referencing to take place without the chill factor, without the public blame or shame factor.

But I want to emphasize that the proposed amendment would not affect a patient's right to access his or her own personal health information under the Personal Health Information Protection Act and would not affect a hospital's obligations to disclose information pursuant to a mandatory reporting obligation, which I previously described. All those things stay in place.

I just want to close by saying they there were a number of references during the hearings to Dr. Ross Baker from the department of health policy, management and evaluation at the University of Toronto and the implication that he was opposing this. But I think it's important to quote actually accurately what Dr. Baker had to say on this issue in support of this amendment.

Back in November when he was appearing before the Standing Committee on Social Policy, he said, "Extending freedom-of-information legislation to hospitals promotes accountability and transparencies, but an exclusion is necessary for quality-of-care information so that we don't restrict the ability of staff to identify and learn from

events, reducing the capability of hospitals to improve their care to patients on an ongoing basis. As potential patients, we all want a safer system. Freedom-of-information legislation shouldn't be a barrier to that."

That's exactly why we are introducing this exemption, which would still be appealable to the freedom-of-information officer.

The Chair (Mr. Pat Hoy): Thank you. I have Mr. Tabuns and then Mr. Barrett.

Mr. Peter Tabuns: Even with these amendments, we heard very compelling statements in the hearings on this bill and I have subsequently heard from the Ontario Nurses' Association echoing those arguments. There has been a long process in which health advocates and health professionals like nurses have tried to get this information about quality of care out into the public so that hospitals and the broader health care system can be held accountable for their priorities. This amendment is a step backward, even with the changes that have been made by the government. We don't see clarity in definitions. We don't see an openness to providing the public with the information we believe they deserve that would justify passing this amendment.

I think the government is making a mistake in doing this. It will be seen as promoting a secretive approach to our health care system. We believe that this amendment is inadequate and thus, I will vote against it. Beyond that, the initial amendment is a backward step, and I urge all members of the committee to vote against it.

Mr. Toby Barrett: To follow up on Mr. Tabuns's comments, just last December, this government passed the Broader Public Sector Accountability Act, which did provide the scrutiny for information about quality of care produced by a committee. You've essentially given us a deputation. I sat through all the deputations last week. I didn't hear a deputation to that effect. I didn't hear a deputation—

Mrs. Liz Sandals: Correspondence.

Mr. Toby Barrett: Oh, you got some correspondence.

Again, who came forward to present this? We started at 8:30 in the morning. The Ontario Hospital Association didn't come forward. The OMA did not come forward.

I know this has been slipped in, in a budget bill of all things. A number of us have sat on the finance committee for a number of years, and it is very odd to kind of slip this into a budget bill to essentially change course on legislation that this government passed last December, legislation that was passed in response to a number of things that alarm people across the province of Ontario with respect to lavish spending by hospital executives and consultants and, I assume, in response to the eHealth scandal.

I've also received some information since the public hearings, one from a deputant who came before the committee on very short notice, indicating to me that—first of all, a number of people indicated: "Eliminate the schedule completely." They were very clear on that—very clear reasons for their need for accountability and transparency. The communication I received indicated that to kind of play around with this, with the kind of

amendment that this government is proposing, is not good enough. I don't know whether the parliamentary assistant has any response to that.

This amendment, if I can concur with Mr. Tabuns, just doesn't cut it. It's not what we were asked for during hearings.

0930

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question.

Mr. Peter Tabuns: Recorded vote, please, Mr. Chair.

Ayes

Delaney, Jaczek, McNeely, Pendergast, Sandals.

Nays

Barrett, Norm Miller, Tabuns.

The Chair (Mr. Pat Hoy): The motion is lost.

Mr. Bob Delaney: It's carried.

The Chair (Mr. Pat Hoy): Carried; it's carried. Shall schedule 15, section 1, as amended, carry?

Mr. Peter Tabuns: Recorded vote.

Ayes

Delaney, Jaczek, McNeely, Pendergast, Sandals.

Nays

Barrett, Norm Miller, Tabuns.

The Chair (Mr. Pat Hoy): The section is carried.

Mr. Norm Miller: Excuse me, Mr. Chair. I guess that means that—

The Chair (Mr. Pat Hoy): I have another section to do.

Mr. Norm Miller: Okay.

The Chair (Mr. Pat Hoy): Schedule 15: Section 2 has no amendments. Shall it carry? All in favour? Opposed? Carried.

Now we have a notice of motion coming from the NDP first. Mr. Tabuns.

Mr. Toby Barrett: On a point of order: I notice page 4 and page 5 are very similar. Does one negate the other, or do we discuss both pages?

The Chair (Mr. Pat Hoy): It's a notice. It's not an amendment, so they both would stand, even though they are similar.

I'll let Mr. Tabuns read his into the record, if he cares to.

Mr. Peter Tabuns: Number 4, is that correct?

The Chair (Mr. Pat Hoy): Yes.

Mr. Peter Tabuns: The NDP recommends voting against schedule 15.

Reason for notice rather than motion: If the committee wishes to remove an entire schedule from the bill, the rules of parliamentary procedure require that the committee vote against the schedule, rather than pass a motion to delete it.

The Chair (Mr. Pat Hoy): Do you have any comment?

Mr. Peter Tabuns: I think I made my comment in the amendment that was put forward by the government.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, we also have, on page 5, a notice coming from the official opposition. Mr. Barrett, would you read it in?

Mr. Toby Barrett: Notice, again, with respect to schedule 15: The PC Party recommends voting against schedule 15.

The Chair (Mr. Pat Hoy): Any comment?

Mr. Toby Barrett: Again, over the course of the day, we heard testimony from so many people who came forward, very simply, feeling that access to records is necessary to determine if negligence has occurred and to determine if it's ongoing and how many patients had been affected. There were concerns that schedule 15 would "prevent me and others from gaining access to documents to better understand how our hospitals are run regarding who gets care and who does not."

Perhaps some people are getting communications from the back door, or phone calls, and there are experts on this who didn't come forward during the deputation. But I just will quote one lady who testified—

Mrs. Liz Sandals: On a point of order: The submissions that I was quoting were either in Hansard or correspondence received by the committee clerk.

The Chair (Mr. Pat Hoy): Thank you.

Mr. Toby Barrett: Okay, well, I got a phone call from an expert, which I returned the call—I'm not talking about Ms. Sandals. But anyway, this did occur.

Interjection.

Mr. Toby Barrett: It's too bad that the person who phoned me didn't come forward to testify.

Just a final quote—this is from Kim Hessels from Dunnville: "I believe it is time for Ontario citizens to have full transparency and accountability in all matters related to the health care they receive."

Then, further to the point I was making with respect to experts: "We may not have all the answers or the right answers, but as parents and as citizens, we'd like to be involved."

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, we will take those as notice of recommendation to vote against, as stated.

Shall schedule 15, as amended, carry? All in favour—

Mr. Norm Miller: Recorded vote.

The Chair (Mr. Pat Hoy): A recorded vote is requested.

Ayes

Delaney, Jaczek, McNeely, Pendergast, Sandals.

Nays

Barrett, Norm Miller, Tabuns.

The Chair (Mr. Pat Hoy): It carries.

Now I would move to schedule 16. There are no amendments. Sections 1 through 6, inclusive: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 16 carry? All in favour? Opposed? Carried.

Schedule 17 has no amendments. Sections 1 through 17, inclusive: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 17 carry? All in favour? Opposed? Carried.

Schedule 18 has no amendments. Sections 1 through 5, inclusive: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 18 carry? All in favour? Opposed? Carried.

Schedule 19: Sections 1 through 5 have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 19 carry? All in favour? Opposed? Carried.

Schedule 20 has no amendments. Sections 1 through 2: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 20 carry? All in favour? Opposed? Carried.

Schedule 21 has no amendments. Sections 1 through 6, inclusive: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 21 carry? All in favour? Opposed? Carried.

Moving to schedule 22: There are no amendments. Sections 1 through 4, inclusive: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 22 carry? All in favour? Opposed? Carried.

Schedule 23 has no amendments. Sections 1 through 6: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 23 carry? All in favour? Opposed? Carried.

Schedule 24 has no amendments. Sections 1 through 6, inclusive: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 24 carry? All in favour? Opposed? Carried.

Schedule 25 has no amendments. Sections 1 through 15, inclusive: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 25 carry? All in favour? Opposed? Carried.

Schedule 26 has no amendments. Sections 1 through 15: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 26 carry? All in favour? Opposed? Carried.

Schedule 27 has no amendments. Sections 1 through 43, inclusive: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 27 carry? All in favour? Opposed? Carried.

Schedule 28 has no amendments. Sections 1 and 2: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 28 carry? All in favour? Opposed? Carried.

Schedule 29 has no amendments. Sections 1 and 2: Shall they carry? All in favour? Opposed? Carried.

Shall schedule 29 carry? All in favour? Opposed? Carried.

0940

Schedule 30: Sections 1 through 5, inclusive, have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 30 carry? All in favour? Opposed? Carried.

Schedule 31 has no amendments. Shall sections 1 through 4, inclusive, carry? All in favour? Opposed? Carried.

Shall schedule 31 carry? All in favour? Opposed? Carried.

Schedule 32 has no amendments to sections 1 through 41, inclusive. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 32 carry? All in favour?

Mr. Peter Tabuns: I have a notice before you, Mr. Chair: number 6.

The Chair (Mr. Pat Hoy): At the very end, yes. I had to get to that page. We'll have Mr. Tabuns read this into the record.

Mr. Peter Tabuns: The NDP recommends voting against schedule 32.

The Chair (Mr. Pat Hoy): Comment?

Mr. Peter Tabuns: I do. I think it's unfortunate. I believe that this amendment will facilitate the scope of use of public-private partnerships or, as the Liberal government calls them, alternative financing. I think that's a disadvantage to the public sector. It will cost us more. It will undermine the well-being of public finance in Ontario, and so I would urge members of this committee to vote against schedule 32.

The Chair (Mr. Pat Hoy): Thank you. Any other comment? Hearing none—

Mr. Peter Tabuns: A recorded vote.

Ayes

Delaney, Jaczek, McNeely, Pendergast, Sandals.

Nays

Barrett, Norm Miller, Tabuns.

The Chair (Mr. Pat Hoy): The schedule carries.

Now we are on schedule 33. Sections 1 through 4 have no amendments. All in favour? Opposed? Carried.

Shall schedule 33 carry? All in favour? Opposed? Carried.

Schedule 34: Sections 1 through 14, inclusive, have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 34 carry? All in favour? Opposed? Carried.

I understand—and I just want to clarify—that we have a government motion to schedule 35. Do we have agreement to stand that down until we vote on section 8? I'm advised that you were asked about this. Do we have agreement to do that?

Mr. Norm Miller: Agreed.

Mr. Pat Hoy: Agreed. I heard you. I was just being advised that the next section is dependent on this particular action that is now delayed a bit.

We will move on and go back to that in a bit.

Schedule 35: Sections 2 through 7 have no amendments. Shall they carry? All in favour? Opposed? Carried.

I think it's section 8. Okay, we'll do page 8 and page 9, for clarification. Page 8 is a PC motion. Who will put that? Mr. Miller?

Mr. Norm Miller: I move that section 8 of schedule 35 to the bill be amended by adding the following subsection:

“(2) Subsection 80.1(3) of the act is repealed and the following substituted:

“‘Eligible employees

“(3) This section applies with respect to employees of the original employer who were members of the original pension plan on or after May 18, 2010 and who, in connection with the sale of the business, become the successor employer's employees and members of the successor pension plan.”

By way of explanation, this amendment comes from the presentation and concern of MPAC employees. We had Valerie Jones of Current Managers with Split Pensions present to the committee at public hearings. I know it also affects paramedics. It's an issue that's been raised in the House by the member from Simcoe–Grey on many occasions. They ask that this section be amended to include a clause that allows these people to make the transfer of their retired members of the original plan or former members of both pension plans after May 18, 2010. There are a lot of MPAC employees who are waiting to retire until the government makes the necessary amendments so that their split pensions become one.

The Chair (Mr. Pat Hoy): Any other comments? Ms. Pendergast.

Ms. Leeanna Pendergast: The government, as you know, has a similar motion coming up. Mr. Miller is aware. The concern that we have with this motion is that the language proposed in the motion does not clearly address the issue of retirees being included within the scope of section 80.1.

The government is bringing a motion to ensure that the application of this section includes retirees, and I would encourage all members to support that motion from the government.

The Chair (Mr. Pat Hoy): Mr. Tabuns?

Mr. Peter Tabuns: Could I just have commentary from the opposition on that?

Mr. Norm Miller: Yes. If the parliamentary assistant is correct that their motion will address this issue, then I'm satisfied to withdraw the amendment to allow the

government—because I suspect that the five members on the other side are going to vote for their amendment. As long as the parliamentary assistant is assuring me that this issue is being addressed, I'm satisfied with that.

Ms. Leeanna Pendergast: Thank you, Mr. Miller and Mr. Tabuns.

The Chair (Mr. Pat Hoy): So you wish to withdraw?

Mr. Norm Miller: I'll withdraw it, yes.

The Chair (Mr. Pat Hoy): Done. Now we have, on page 9—this will be a government motion. We do page 9 now and then we would go back to page 7.

Ms. Leeanna Pendergast: What are you doing? This one?

The Chair (Mr. Pat Hoy): It's page 9.

Ms. Leeanna Pendergast: I don't have page numbers, Chair. Schedule 35?

The Chair (Mr. Pat Hoy): Yes.

Ms. Leeanna Pendergast: I move that section 8 of Schedule 35 to the bill be amended by adding the following subsections:

“(2) Subsection 80.1(4) of the act is amended by striking out ‘an agreement’ at the end of the portion before clause (a) and substituting ‘one or more agreements’.

“(3) Clause 80.1(4)(a) of the act is repealed and the following substituted:

“(a) authorizing eligible employees who are employed by the successor employer on the day this section comes into force to elect to transfer the value of their accrued pension benefits under the original pension plan to the successor pension plan;

“(a.1) authorizing eligible employees whose employment with the successor employer or whose membership in the successor pension plan terminated on or after May 18, 2010 and before the date on which this section comes into force to elect to transfer the value of their accrued pension benefits under the original pension plan to the successor pension plan.”

0950

“(4) Section 80.1 of the act is amended by adding the following subsection:

“Same

“(4.1) A transfer agreement may authorize the election described in clause (4)(a) or (a.1) or in both clauses.”

“(5) Subsection 80.1(6) of the act is repealed and the following substituted:

“Same, eligible employees

“(6) The transfer agreement cannot authorize individuals to elect to make the transfer described in clause (4)(a) or (a.1) if they are retired members of the original pension plan at the time the election is to be made.”

The Chair (Mr. Pat Hoy): Any comment?

Ms. Leeanna Pendergast: I have a comment. I do want to start by echoing what we've heard today from Mr. Tabuns and Mr. Miller and that we did hear from the public—we heard from people, we heard from pensioners; we heard very loud and clear, and we listened. We listened to stakeholders; we listened during hearings and during committee.

I do want to say for the record that this amendment would allow the prescribed pension plans or classes of plans, which enter into transfer agreements under this section, to extend the opportunity to consolidate pension credits to those individuals who retired or otherwise ended their employment or membership in the successor pension plans since May 18, 2010, the date that section 80.1 provisions in the Pension Benefits Amendment Act, 2010, or Bill 236, received royal assent.

The Chair (Mr. Pat Hoy): Any other comment?

Mr. Norm Miller: Recorded vote.

Ayes

Barrett, Delaney, Jaczek, McNeely, Norm Miller, Pendergast, Sandals, Tabuns.

The Chair (Mr. Pat Hoy): Carried.

Shall section 8, as amended, carry? All in favour? Opposed—

Mrs. Liz Sandals: Don't we have to go back?

The Chair (Mr. Pat Hoy): Yes, we will.

Shall section 8, as amended, carry? All in favour? Opposed? Carried.

Now we go back to the government motion; schedule 35, subsection 1(2). Ms. Pendergast.

Ms. Leeanna Pendergast: I move that section 1 of schedule 35 to the bill be amended by adding the following subsection:

“(2) Section 14 of the act is amended by adding the following subsection:

“Same, certain retired members and former members

“(5) Without limiting the generality of subsection (4), subsection (1) does not apply with respect to an amendment that relates to a transfer of assets authorized by section 80.1 that affects the transferred members who are entitled to make the election described in clause 80.1(4)(a.1).”

The Chair (Mr. Pat Hoy): Any comment?

Mr. Peter Tabuns: Yes. Could you put that into plainer English?

Ms. Leeanna Pendergast: I think my English might be a little bit too plain.

Mr. Peter Tabuns: I don't mind very plain English.

Ms. Leeanna Pendergast: My understanding is that this motion is required in order to ensure consistency with the one that we just moved.

Mr. Peter Tabuns: That's pretty plain. Okay.

The Chair (Mr. Pat Hoy): Any other comment or question? Hearing none, all in favour? Opposed? Carried.

Shall schedule 35, section 1, as amended, carry? All in favour? Opposed? Carried.

Now to a couple of pages ahead: In schedule 35, sections 9 through 14 have no amendments. Shall they carry? Opposed? Carried.

Shall schedule 35, as amended, carry? All in favour? Opposed? Carried.

Schedule 36: Sections 1 through 5 have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 36 carry? All in favour? Opposed? Carried.

Schedule 37: Sections 1 through 10 have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 37 carry? All in favour? Opposed? Carried.

Schedule 38: Sections 1 through 5 have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 38 carry? All in favour? Opposed? Carried.

Schedule 39: Sections 1 through 8 have no amendments? Shall they carry? All in favour? Opposed? Carried.

Shall schedule 39 carry? All in favour? Opposed? Carried.

Schedule 40: Sections 1 through 5 have no amendments. Shall they carry? All in favour? Opposed? Carried.

Section 6 has an amendment. It's a government amendment. Ms. Pendergast.

Ms. Leeanna Pendergast: I move that subsection 103.3(1) of the Taxation Act, 2007, as set out in section 6 of schedule 40 to the bill, be amended by striking out “The Minister of Finance” at the beginning and substituting “The Ontario Minister”.

The Chair (Mr. Pat Hoy): Any comment?

Ms. Leeanna Pendergast: Just simply, the purpose of the proposed change is to clarify that the benefit would be paid by the federal Minister of National Revenue and not by the Ontario Minister of Finance.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

We have another government motion. Ms. Pendergast.

Ms. Leeanna Pendergast: I move that subsection 103.3(3) of the Taxation Act, 2007, as set out in section 6 of schedule 40 to the bill, be amended by striking out “the minister” at the end and substituting “the Minister of Finance”.

The Chair (Mr. Pat Hoy): Do you wish to make a comment?

Ms. Leeanna Pendergast: Well, that would be lovely. I do wish. Thank you, Chair.

The proposed change would clarify that the Ontario Minister of Finance and not the federal Minister of National Revenue has the authority to make regulations providing for the amount of such payments and the manner and time in which the payments are made.

The Chair (Mr. Pat Hoy): Any other comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Shall schedule 40, section 6, as amended, carry? All in favour? Opposed? Carried.

Schedule 40: Sections 7 through 29, inclusive, have no amendments. Shall they carry? Opposed? Carried.

Shall schedule 40, as amended, carry? All in favour? Carried.

Schedule 41: Sections 1 through 4 have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 41 carry? All in favour? Opposed? Carried.

Shall the title of the bill carry? All in favour? Opposed? Carried.

Shall Bill 173, as amended, carry?

Mr. Peter Tabuns: A recorded vote.

Ayes

Delaney, Jaczek, McNeely, Pendergast, Sandals.

Nays

Barrett, Norm Miller, Tabuns.

The Chair (Mr. Pat Hoy): It carries.

Shall I report the bill, as amended, to the House? All in favour? Opposed? Carried.

Ms. Leeanna Pendergast: I just have a comment before you strike that gavel.

The Chair (Mr. Pat Hoy): Yes?

Ms. Leeanna Pendergast: In literature there's a famous saying that we shall not see his like again. I wanted to, on behalf of the committee, thank you for your work with this Standing Committee on Finance and Economic Affairs over the years. I think today is a perfect testimony to how organized, succinct and effective you are as a Chair.

Oscar Wilde said, "I have the simplest of tastes: I like only the best," and you, Chair, are the best. Thank you for what you did.

Applause.

The Chair (Mr. Pat Hoy): Well, thank you. Thank you very much. It's been indeed a pleasure, working with all the various members of the finance and economic affairs committee over the last eight years. We've had wonderful staff working for us, as I'm sure you would all attest, and that's what makes me look like—did you call me "a simple thing"? All right.

Laughter.

The Chair (Mr. Pat Hoy): Thank you very much. I do believe it is probably my last committee to chair here, but one never knows. There are days yet ahead. Thank you very much. We are adjourned.

The committee adjourned at 1001.

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Official Report of Debates (Hansard)

Thursday 19 May 2011

Journal des débats (Hansard)

Jeudi 19 mai 2011



Standing Committee on Finance and Economic Affairs

Supporting Smoke-Free Ontario
by Reducing Contraband
Tobacco Act, 2011

Comité permanent des finances et des affaires économiques

Loi de 2011 appuyant
la stratégie Ontario sans fumée
par la réduction du tabac
de contrebande

Chair: Pat Hoy
Clerk: Sylwia Przedziecki

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Thursday 19 May 2011

The committee met at 0901 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order. We're here for public hearings on Bill 186, An Act to amend the Tobacco Tax Act.

Our first order of business is to have the subcommittee report read into the record. Ms. Pendergast.

Ms. Leeanna Pendergast: Your subcommittee on committee business met on Tuesday, May 17, 2011, to consider the method of proceeding on Bill 186, An Act to amend the Tobacco Tax Act, and, subject to the bill's being referred to the Standing Committee on Finance and Economic Affairs, recommends the following:

(1) That the committee hold public hearings in Toronto, at Queen's Park, on Thursday, May 19, 2011, during its regular meeting times, as per the order of the House dated Tuesday, May 17, 2011.

(2) That the clerk of the committee, with the authorization of the Chair, post information regarding the committee's business on the Ontario parliamentary channel and on the Legislative Assembly website.

(3) That interested people who wish to be considered to make an oral presentation on Bill 186 should contact the clerk of the committee by 5 p.m. on Wednesday, May 18, 2011.

(4) That the clerk of the committee, in consultation with the Chair, be authorized to schedule witness presentations as the requests are received, on a first-come, first-served basis.

(5) That groups and individuals be offered 10 minutes for their presentations, followed by up to five minutes for questioning by committee members.

(6) That the deadline for receipt of written submissions be 2 p.m. on Tuesday, May 24, 2011.

(7) That the research officer provide the committee with a summary of oral presentations by 2 p.m. on Tuesday, May 24, 2011. This summary may include any written submissions received by 5 p.m. on Friday, May 20, 2011.

(8) That amendments to the bill be filed with the clerk of the committee by 4 p.m. on Wednesday, May 25, 2011, as per the order of the House dated Tuesday, May 17, 2011.

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Jeudi 19 mai 2011

(9) That the committee meet on Monday, May 30, 2011, at 2 p.m. for clause-by-clause consideration of the bill, as per the order of the House dated Tuesday, May 17, 2011.

(10) That the clerk of the committee, in consultation with the Chair, be authorized to commence making any preliminary arrangements necessary to facilitate the committee's proceedings prior to the adoption of this report.

The Chair (Mr. Pat Hoy): Shall the report be accepted? All in favour? Carried. Very good.

SUPPORTING SMOKE-FREE ONTARIO
BY REDUCING CONTRABAND
TOBACCO ACT, 2011LOI DE 2011 APPUYANT
LA STRATÉGIE ONTARIO SANS FUMÉE
PAR LA RÉDUCTION DU TABAC
DE CONTREBANDE

Consideration of Bill 186, An Act to amend the Tobacco Tax Act / Projet de loi 186, Loi modifiant la Loi de la taxe sur le tabac.

ASSOCIATION OF IROQUOIS
AND ALLIED INDIANS

The Chair (Mr. Pat Hoy): Now we'll have our first presentation of the morning, the Association of Iroquois and Allied Indians. If you would come forward, please. Good morning.

Grand Chief Randall Phillips: Good morning, Mr. Chair.

The Chair (Mr. Pat Hoy): You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. In this round, the questioning will come from the official opposition.

Interjection.

The Chair (Mr. Pat Hoy): I'll just finish here. Before you start, if you would just state your name for our records.

Ms. Gélinas.

M^{me} France Gélinas: I was wondering if it would be possible to divide the five minutes equally among the

three parties so that we each have a chance to question all of the witnesses.

The Chair (Mr. Pat Hoy): It was agreed at the sub-committee level that we would do it this way. As Chair, I find it very difficult to divide three into five. Our experience has been that the questioning from one person and the answer have usually taken up the bulk of the five minutes. In the rotation, you would have the full five minutes for your person.

Ms. Lisa MacLeod: Chair, as much as I would like to have five minutes to talk with the chief, my understanding is that my colleague from the third party would like to talk to this witness. On behalf of the official opposition, we would like to do the swap, and I'll catch up with the chief outside.

We're looking forward to your presentation, but I know my colleague would like to talk to you. I sense she may have invited you here, so we'd be happy to make that change.

The Chair (Mr. Pat Hoy): So we would go NDP, official opposition, Liberal, and then back into the regular rotation?

M^{me} France Gélinas: If we cannot have the time split equally, sure.

The Chair (Mr. Pat Hoy): I'm just stating that. Are we agreed on that? Agreed. So the questioning in this case will come from Ms. Gélinas of the NDP. Then the rotation will go back to the official opposition, and then we'll start with the government after that and go into the normal rotation.

If you would just state your name, you can begin your 10-minute presentation.

Grand Chief Randall Phillips: *Remarks in Oneida.*

Good morning, committee members. My name is Randall Phillips. I am the newly re-elected grand chief of the Association of Iroquois and Allied Indians. If I could, just for the record, I want to acknowledge the eight member nations. I have left our assembly to make this presentation, so I just want it noted that it's on their good graces that I appear before you.

I've looked at your roster. I'm going to be one of only, I think, two who are going to oppose the bill, but I'm going to oppose the bill for entirely different reasons than I think the rest of your presenters. I don't believe that the focus of my concern is on the health aspects of this. Certainly, we know the impacts of cigarette-smoking, and I think that this bill does not address those issues. If there is such an ill, then perhaps the product itself should be illegal.

Having said that, Mr. Chair, shekeli. Good morning members of the committee. Thank you for giving me the opportunity to share our concerns with Bill 186, an Act to Amend the Tobacco Tax Act, otherwise known as the Supporting Smoke-Free Ontario by Reducing Contraband Tobacco Act, 2011.

The current debate, and the legislation itself, has been framed under a concern for the health and safety of our youth. The Association of Iroquois and Allied Indians certainly stands with this committee on that front and has

always been committed to doing what it can to support our youth. In fact, we are in the process of creating our own youth council to help support their needs and their development.

Conducting the debate solely from health considerations, however, is creating a false sense of simplicity regarding the issue of tobacco products. The reality is that for First Nations engaged in the tobacco industry this is a highly complex issue within a murky jurisdictional context. These First Nations use the tobacco industry now to support households and finance community development. Organized crime and cross-border smuggling is in no way part of these industries for most First Nations communities. Rather, they are legitimate, federally licensed and inspected businesses—a point that has gone ignored in this debate.

As the committee may already know, the Association of Iroquois and Allied Indians has adamantly opposed Bill 186 as it's written and the process undertaken by Ontario to pass it through the Legislature. Over the next few minutes, I'm going to outline those key issues that underpin our concerns and opposition.

First, Bill 186 infringes upon the rights of First Nations people—straight and simple. First Nations have used and traded tobacco since time immemorial and have never surrendered this inherent right. Although regulating the product may appear to be a straightforward exercise from a health perspective, it is an intrusion on First Nation jurisdiction and in violation of section 35 of the Canadian Constitution.

0910

Incidental to the right is the ability to transport tobacco between First Nation lands. Enabling law enforcement officers to stop, search and, in some cases, seize tobacco products disrupts this right and is also in violation of the rights affirmed in section 35.

The second issue presented by this bill, then, is jurisdiction. Section 25 of Bill 186 attempts to smooth over these rights violations by enabling Ontario to enter into arrangements and agreements with First Nations for the purposes of administering the Tobacco Tax Act. Although the provision attempts to capture the interests of First Nations, it only serves to facilitate the introduction of provincial regulation onto reserve land through band consent and administration. The goal of this provision is to absorb the reserve land into provincial jurisdiction, not to create any meaningful recognition of First Nations' jurisdiction and governing abilities.

This is significant because under Canadian law, provincial jurisdiction on reserve land and its authority to make arrangements with First Nations is unsubstantiated, yet assumed by Ontario. Section 18 of the Indian Act clearly states that reserve lands are held by the crown, and therefore fall under the jurisdiction of the federal government.

Additionally, section 91 of the Constitution clearly establishes dealing with First Nations as a federal responsibility. Consequently, if any non-First Nation regulations exist on reserve lands, it would be those of the

federal government. So within the context of the Indian Act, First Nations manufacturers may be subject to the federal tobacco tax act, not Ontario's Tobacco Tax Act, 1990.

Many First Nation tobacco manufacturers have chosen to operate under Canadian law and obtain a federal tobacco licence. With this licence, they adhere to the strict production, labelling, packaging and tracking requirements. Under Ontario's proposed legislation, however, contraband and illegal tobacco are defined as provincially unmarked tobacco products. In a backwards regulation, Ontario therefore considers tobacco products with federal markings as contraband or illegal. Since the legislation is punitive, First Nations tobacco manufacturers and people are now criminalized by Ontario, despite the fact that they hold a federal licence.

In fact, the applicability of the Ontario Tobacco Tax Act on reserve land has already come under scrutiny in Ontario courts. In *Bomberry versus Ontario*, 1989, it was found that the provincial quota system directly infringed on the right of First Nations under section 87 and the Indian Act to be exempt from tax, and intruded into federal jurisdiction.

Coming back to section 25 of the bill, Ontario is taking the assumption of jurisdiction on this issue for granted. Although the province has made agreements with First Nations with respect to land claims and programming, arrangements under section 25 would have direct implications on First Nations governance. This would represent a clear overstep of provincial authority.

Based on these two issues, I hope the committee members can begin to appreciate how complicated this tobacco issue is for First Nations. I also hope the members can begin to appreciate why governments are required to consult with First Nations.

This brings me to the last issue that I wanted to talk about, and that is consultation. It is an irrefutable fact that the crown governments have a legal duty to consult and accommodate First Nations' interests and concerns where there is an action that has an impact on their aboriginal and treaty rights. That legal duty is not for us to debate here today; it's well founded in constitutional statute and numerous decisions in your own common law.

Instead, the Legislative Assembly's responsibility extends to contemplating potential decisions based on its translation of that duty into actual and meaningful implementation. Bill 186 is only one in a long list of legislative initiatives that were created without suitable consultation with First Nations, whose human, aboriginal and treaty rights have come under threat.

Over the past 10 years, both the provincial and the federal governments have launched plans to improve their relationships with First Nations. Part of these plans is the establishment of guidelines to support government officials in their consultation and accommodation activities.

Though First Nations have clearly indicated that proper consultation needs to occur with full recognition

of individual First Nations' protocols, we do agree on some key principles found in the government guidelines:

First, that of timing. Government officials must ensure that consultations are initiated early in the planning and decision-making process. In this case, Bill 186, the Ministry of Revenue's activity consisted of a telephone call to our office less than 24 hours before the proposed legislation was introduced into the House: that is, zero consultation with our member nations and therefore zero efforts to accommodate the concerns the ministry would have heard. In fact, the timing of this process prevents any other voices from being heard. One day, nine committee members and nine potential presentations do not do this justice.

Not only is this kind of conduct deeply dishonourable to First Nations, it grossly contradicts the standards set out by the government itself, not to mention failing to meet these obligations with respect to the duty to consult.

Second, the crown governments should coordinate their consultation and accommodation activities where activities and jurisdictions overlap. With the existence of federal and provincial tobacco licensing regulations paired with the federal government's assumed jurisdiction over Indians and lands reserved for Indians, it is essential that the engagement take place on a tripartite basis. This issue does not belong at the public hearings of a time-allocated bill; rather, in the negotiating room with the province, federal government and First Nations.

When suitable consultation does take place, the resulting accommodation must consider the economic stability of First Nation citizens. Under the current process, the absence of consultation may result in an economic crippling of First Nations that the people have come to rely on through the tobacco industry.

In closing, I'd like to again thank you for giving me the opportunity to express my concerns with the bill. I hope that we can identify a mechanism to address these outstanding issues and concerns.

I await your questions.

The Chair (Mr. Pat Hoy): Thank you, and the questioning goes to the NDP and Ms. Gélinas.

M^{me} France Gélinas: I thank you for coming here today, Chief. I appreciate the presentation that you have given us. I think what you've shared with us is really troubling and very important. You said, in your opening statement, that you understand the health effects of tobacco and you also understand that you have rights under treaties, crown, etc. Could you describe for us, if we were to do this right, what the consultation process would look like?

Grand Chief Randall Phillips: If I could try to address it this way: Over the course of the last few years I think we've all been struggling with this idea in terms of what consultation looks like. We've all added little pieces in terms of how it goes. The provincial government has set out guidelines; the federal government has set out guidelines. But underpinning all of that is the First Nations communities themselves, which have said that direct consultation is the only and key way to do so. We

have to do that, ladies and gentlemen, simply because of the diversity of those First Nation governments and those communities themselves. They have different impacts on them. We tend to look at these things that we can blanket them with just one and make sure that these things happen. Unfortunately, that's not the case. So when they talk about consultation, it's directly with them.

Is it a process? Yes, it is, very much like this. Is it going to require resources to do so in that manner? Of course it is. But again, anything that you want to do: If you do it right and you do it properly, it's going to cost you. You can get a T-shirt done at the corner market for \$5 or you can go someplace else and get one for \$45. There's a difference in terms of quality as opposed to speed.

M^{me} France G  linas: In your presentation, you talked about a telephone call made to your cell 24 hours before the bill was introduced. Do you mean to say that, although we know that First Nations have been dealing with tobacco before we were here, no other talks took place with you? You didn't know what was going to be in the bill or how it was going to affect you at all?

Grand Chief Randall Phillips: If I could, I just want to focus on this particular legislation. Have there been discussions about jurisdiction on a variety of things, including trade? Yes, there have been. Were there discussions in a general sense about tobacco? Yes, there have been. That's part of what the disappointment is: that we were under the impression—I was told directly to my face by two ministers of this government—that we would have discussions about this in a wider context. That was my concern. While we were waiting for a plan, while we were waiting for the government to honour its commitments, I got a telephone call saying, "We're going ahead with this legislation." That's the disheartening part about this.

So were there discussions? Yes. Were we promised future discussions on this? Yes. That's when I think that we would have been able to address all of these issues. Since they weren't identified, we didn't have the opportunity to even talk about this proposed legislation. We were totally left out on what the government's intention was in terms of how to move forward with this.

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M^{me} France G  linas: Who were the ministers who promised you further discussion but never did?

Grand Chief Randall Phillips: We were in discussions with Minister Bentley, the aboriginal affairs minister. We've also touched base with the Minister of Revenue.

M^{me} France G  linas: They promised you further discussion. Did you try to follow up, or you were expecting them to come back to you?

Grand Chief Randall Phillips: In all attempts, we were certainly trying to follow up with them.

M^{me} France G  linas: And then you were told that this bill was coming.

Grand Chief Randall Phillips: I received a phone call at 5:30 that evening saying that they wanted to have

special accommodations to have a phone call meeting with me at 6 o'clock that evening. We couldn't accommodate them, so they called us first thing in the morning. That was told to us by some senior bureaucrats; not ministers or deputy ministers.

M^{me} France G  linas: It hasn't been very long since the bill was introduced, but since the bill has been introduced, has there been any explanation as to why the promised further discussions never took place?

Grand Chief Randall Phillips: No.

M^{me} France G  linas: Nothing at all?

Grand Chief Randall Phillips: No.

M^{me} France G  linas: Did you ask?

Grand Chief Randall Phillips: Of course we did.

M^{me} France G  linas: What did you get for an answer?

Grand Chief Randall Phillips: Not sufficient; they were going ahead with the bill. They were not going to do this. That's why we're here today.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Grand Chief Randall Phillips: That's it? No more questions? Thank you very much.

M^{me} France G  linas: Just to let you know; it's not necessarily that there are no more questions; it's that the process is set up so that we cannot ask any more questions.

ONTARIO CAMPAIGN FOR ACTION ON TOBACCO

The Chair (Mr. Pat Hoy): Now I would ask the Ontario Campaign for Action on Tobacco to come forward, please. Good morning. As you've witnessed, you have 10 minutes for your presentation. There could be up to five minutes of questioning following that. In this case, it'll come from the official opposition. I'd just ask you to identify yourself for our recording Hansard, and then you can begin.

Mr. Michael Perley: Good morning, Mr. Chairman and members of the committee. I'm Michael Perley. I'm director of the Ontario Campaign for Action on Tobacco. With me today are Laura Syron, vice-president of research, advocacy and health promotion at the Heart and Stroke Foundation of Ontario; and Joanne Di Nardo, who is senior manager of public issues at the Canadian Cancer Society's Ontario division.

On behalf of all our member agencies, including the Ontario Medical Association and the Non-Smokers Rights Association, who couldn't be here today, we're here today to speak in support of Bill 186, An Act to amend the Tobacco Tax Act, which, although it's a bill under the aegis of the Minister of Revenue, we absolutely view as a health piece of legislation. We would not be here if we didn't think it was a health bill.

We've had several opportunities to appear before the committee in support of action on provincial tobacco taxes and the issue of contraband specifically. We're very

pleased to be here to speak in support of this important piece of legislation.

As you no doubt already know, reliable research sources estimate that between one in three and one in four cigarettes in Ontario are contraband. The 2008 provincial Auditor General's report estimated the province was losing approximately \$500 million annually in lost tobacco tax revenue as a result of the contraband problem. However, contraband has impacts far beyond revenue loss, and they're of particular interest, of course, to us as health charities.

Contraband's increasing presence has correspondingly reduced the provincial government's willingness to raise tobacco taxes. Apart from the HST increase last July, which was welcome, we've had no tobacco tax increases in Ontario since 2006. My colleague Ms. Di Nardo will speak to the importance of this issue in a little more detail.

Second, the widespread presence of contraband in our communities also undermines the effectiveness of the various legislative and programmatic approaches of the smoke-free Ontario strategy.

Perhaps most importantly, easy access to cheap cigarettes has the potential to create a new cohort of addicted youth. Research from the Centre for Addiction and Mental Health and survey data commissioned by the Heart and Stroke Foundation of Ontario earlier this year together show that between 60,000 and 80,000 of our young people are accessing contraband cigarettes.

Bill 186 takes several important steps in the right direction towards comprehensive contraband control. First and foremost, the bill's new system to manage the supply of raw leaf tobacco in Ontario is critical and it's long overdue, especially in light of the 2008 federal buyout of Ontario farmers' quota, and replacement of that quota system with a new tobacco-growing licensing system. This buyout has directly led to an increase in the provincial tobacco crop from approximately 23 million pounds in 2009 to a projected 46.3 million pounds in 2011, although if it keeps raining, that amount may change. A larger crop means greater potential for leakage of raw leaf to unlicensed manufacturers.

The new leaf management system will create capacity to prevent such leakage. It will also control raw leaf imports from the United States and is essential to any comprehensive effort to control contraband.

The bill's creation of new authority to register shipments of raw leaf and seize those that are not registered is very similar to a system that has been in place in Quebec since 2005. There, the provincial government has seized thousands of pounds of raw leaf and loose tobacco destined to unregistered manufacturers and reduced the manufacturing capacity of unlicensed cigarette makers in that province.

The revised enforcement provisions are also long overdue. We would have liked to see a Provincial Offences Act part I ticketing system under which police at all levels could enforce against possession of contraband. However, such a ticketing system can be put in

place through a policy decision and accompanying regulations under the Provincial Offences Act at any time, without the need to amend legislation. We look forward to that happening separately in the near future.

The act's new provisions to conclude arrangements and agreements with First Nations are critical. In discussing the province's system of allocating tax-exempt cigarettes to First Nations in his 2008 report, the provincial Auditor General referred to shipments of tax-exempt cigarettes to reserves totalling 2.5 times the total allowable for all companies for all reserves in the province. If the source or sources of the cigarettes that he referred to were to be a First Nations manufacturer, it would be impossible, without Bill 186's enactment, to conclude any kind of formal agreement with the manufacturer to rectify this situation.

While these new provisions do not agree that such a formal agreement will in fact be reached, they at least make it possible, and we support them.

Finally, I'd like to note that in the April 21 announcement about Bill 186, there was no mention of any public education campaign to accompany passage and implementation of the bill. This is a serious oversight and must be rectified. Until today, there has not been any visible public education campaign of any kind from any level of government about the contraband problem. Those who purchase contraband in Ontario today, while they may not exactly believe that the product is legal, have not been specifically informed that it's illegal and that certain consequences will result from the purchase and use of contraband, nor have adult purchasers been educated about our young people's easy access to cheap contraband. We believe that it's essential that adult purchasers understand that their use of contraband fuels a province-wide supply system whose expansion makes it easier and easier for our young people, in turn, to buy contraband cigarettes.

Thank you again for this opportunity. I'd now like to ask Ms. Di Nardo of the Canadian Cancer Society's Ontario division to comment on the bill.

The Chair (Mr. Pat Hoy): You have about four minutes.

Ms. Joanne Di Nardo: Thank you, Mr. Chair, and members of the committee. On behalf of the Canadian Cancer Society, Ontario division, I would like to express our support for Bill 186. We urge all committee members to support adoption of this bill.

Tobacco products cause 30% of cancer deaths, including 85% of lung cancer deaths. Smoking rates in Ontario remain unacceptably high, including among youth, and we must do everything we can to reduce smoking. High prices are the single most effective measure to reduce tobacco use, especially among youth, who are more price-sensitive due to limited disposable income. Research has shown that when more adolescents can afford to smoke, and more can today in Ontario as a result of being able to access cheap contraband cigarettes, more of their contemporaries, in turn, start smoking.

This increased visibility of smoking among young people and the increased potential for peer pressure to smoke as a result are trends that reinforce each other, and that results directly from low prices.

As we know, contraband products can sell for as little as \$5 to \$6 for a bag of 200 cigarettes in this province. Despite claims to the contrary, contraband is not primarily caused by high taxes but rather by available sources of supply, of which there are several in Quebec, northern New York state and Ontario. As you can see from the attached chart in our presentation, Ontario and Quebec have the lowest provincial tobacco tax rates, yet have the highest levels of contraband.

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Finally, the smoking rate among the aboriginal population is two to three times the Canadian smoking rate of 18%. Cheap, illegal cigarettes are addicting aboriginal kids. They are also having a decimating impact on the aboriginal population, causing suffering, disease and death through cancer, heart disease, diabetes and other afflictions.

For all these reasons, measures like those contained in Bill 186 to control cheap, easily accessed contraband cigarettes are critically important. We urge you and your colleagues to do everything you can to speed this important bill toward passage as soon as possible. Thank you.

Mr. Michael Perley: I'd like to ask Ms. Syron to comment on behalf of the Heart and Stroke Foundation.

Ms. Laura Syron: Thank you, Mr. Chair, and members of the committee. The Heart and Stroke Foundation of Ontario is fully supportive of Bill 186, and we urge you to support it.

The Heart and Stroke Foundation continues its decades-long focus on and investment in tobacco control in Ontario. Why has it been our focus? Really, there are just a couple simple facts:

Fact 1: Smoking is very likely to mean you will die of heart disease. Almost 11,000 people die in Canada each year from heart disease related to smoking.

Fact 2: If you sit here today and you are a smoker, you are at 70% greater risk than I am, as a non-smoker, of dying of heart disease.

Fact 3: If you are under 65 and smoke, you account for almost half of the deaths due to heart disease—half of the deaths from smoking under 65.

Without being able to better control contraband, these kinds of statistics can get worse. You probably know that 42% of kids in Ontario who are in grades 10 to 12 have tried smoking, and that basically can lead to those statistics. They're on the road to heart disease.

The Chair (Mr. Pat Hoy): You have about a minute left for your presentation.

Ms. Laura Syron: Okay. So our health system cannot afford these young children coming down the pipe with heart disease.

In conclusion, the Heart and Stroke Foundation of Ontario is fully supportive of Bill 186, and we urge you to consider it. Thank you.

The Chair (Mr. Pat Hoy): Thank you. We'll move now to our questioning from the official opposition. Mr. Miller.

Mr. Norm Miller: Thank you, Mr. Chair, and thank you for your presentation this morning.

Certainly contraband tobacco is a significant problem that needs to be addressed, and I think there are lots of good reasons why, many that you've pointed out. You can't really address health concerns of smoking if—I think you said one third of the cigarettes sold are contraband, but I've heard that up to 50% of the cigarettes sold are contraband. So if half the cigarettes sold are outside the system, I guess you'd say, then you can spend a lot of money on health programs that just won't be effective.

You also brought up the lost-revenue issue. I think we've heard estimates of \$500 million to \$1 billion in lost tax revenue for the province of Ontario that could be used for lots of good programs.

I've also heard about organized crime being involved with illicit tobacco. Do you have any information on the organized crime part of it, or is that outside of your area of expertise?

Mr. Michael Perley: Well, we certainly have talked a great deal with the RCMP and the OPP, as well as the Canada Border Services Agency and others, about the exact extent of the problem. I mean, their first comment is usually, "You can't measure an illegal market because it's illegal; it's outside the bounds of normal measurement techniques." But they tell us that when there are specific measures that are brought in, in a few cases, or when there have been specific measures, there's a detectable cause-and-effect relationship between the measure and the flow of contraband. I'll give you a quick example.

When the border post on Akwesasne, on Cornwall Island, was moved from the island to the foot of the international bridge in Cornwall, thus forcing all US-to-Canada traffic to come through a border post that was on non-reserve land, all the enforcement personnel in eastern Ontario reported an immediate twofold impact: One, the flow of baggies from the St. Regis Akwesasne Mohawk territory decreased, and the price went from an average, at that point, of \$8 to \$10 a bag to over \$20 a bag. We started to hear from health units, going westward as far as Windsor, that they were noting in their communities a corresponding increase in price and a reduction in flow. So when we take specific measures that are aimed at restricting flow, we can have a direct impact on contraband. We think that some of these measures will go in that direction.

One other quick comment about the organized crime issue is that we hear constant references to non-First Nations organized crime groups being involved in this traffic, either through financing unlicensed or unregistered manufacturers or directly running such operations. When we ask who exactly it is—I won't even repeat some of the stuff I've heard: references to obscure mafia groups and so on. But we more often hear that they

absolutely are non-First Nations groups. When it comes to organized crime, they're into drug and gun running and contraband fuels, those other activities, in terms of financing them.

Mr. Norm Miller: It's my understanding that Ontario is just about the worst in terms of the rate of contraband tobacco in the country. Is that correct?

Mr. Michael Perley: That's correct. Since Quebec has already moved more aggressively in some of the directions that are in Bill 186—I mentioned the leaf management system they already have in place or the seizure system. They're estimating a revenue increase this coming year of about 30% as a result of the effectiveness of some of their measures and a corresponding reduction in flow. We're only estimating, I think, from last year to this fiscal year, a revenue increase of about 10%. So some of the things we've already been doing are working, including some of the federal RCMP enforcement activity, but we're behind Quebec.

Mr. Norm Miller: I guess my next question is, why so long? We have a rushed process now. We just had the first presenter representing the aboriginal community complaining about the fact that they weren't consulted, I think legitimately: They only had 24 hours' notice. Why has it taken so long to get to this process, and now we've got a rushed process?

Mr. Michael Perley: I think there have been a certain number of measures brought in over the last five to six years in various provincial budgets—modest measures, absolutely not enough—but they have been added incrementally.

Also, I think there's been a general perception, as the chief said, that this is a federal responsibility and jurisdiction, at least in part. I have to respectfully disagree somewhat with the chief. I think the province has more of a role than the chief described—or could have.

We were very hopeful that the provisions allowing conclusion of agreements and arrangements would lead the way to a new era of co-operation. I was told by a number of officials that, previously, the crown did not have the authority to conclude formal agreements with First Nations in Ontario respecting matters of tobacco commerce. Now with this bill passing, they will have. Does that mean that's a magic solution? Well, at least it's an enabling mechanism to allow discussions to go forward—another reason to pass the bill, I think.

The Chair (Mr. Pat Hoy): Thank you for your presentations.

IMPERIAL TOBACCO CANADA

The Chair (Mr. Pat Hoy): Now I ask Imperial Tobacco Canada to come forward, please. Good morning. You have 10 minutes for your presentation. The questioning in this round will come from the government. I'd just ask you to state your name for our recording.

Mr. Derek Ogden: Thank you, Mr. Chair and committee members. My name is Derek Ogden, and I'm with Imperial Tobacco.

Imperial Tobacco is pleased with the Minister of Revenue's initiative to reduce illegal trade of tobacco products. This is a very serious problem in Ontario; in fact, 68.6 % of Canada's illicit tobacco is found in this province. We have been asking for action on the contraband problem for some time now, and we think this bill may help resolve some of the issues associated with illicit tobacco.

Imperial Tobacco believes that the amendments proposed under Bill 186 may go a long way toward reducing the illegal sale of tobacco products, reinstating millions of dollars of lost government revenues and restoring the public's faith that the government of Ontario is taking a positive step to ensure the health, safety and well-being of its citizens.

As a former police officer and someone who has been working in the tobacco business on illicit trade issues for a number of years, I am pleased with the Ontario government's decision to delegate authority to allow local police to seize contraband on the spot. From now on, police officers working in our communities will have the means to seize illegal tobacco products wherever they come across them in the distribution channel.

For years, black market distributors openly flouted the law, knowing that local police didn't have the jurisdiction to grab and confiscate illegal smokes. The delegation of authority has the potential to remove millions of illegal cigarettes from the streets and empower police officers in every corner of the province to have an immediate impact on illegal trade. I can assure you their efforts will be most welcome.

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However, experience has shown that for this delegation of authority to work most effectively, it must allow for the immediate issuance of a notice of offence by an officer. That means that local police officers should be in a position to issue a ticket for straightforward possession on the spot. You want your police officers out on the streets pursuing criminals, not spending needless hours producing paperwork to process violations. It may prove to be cost-effective to supplement police enforcement both financially and with dedicated resources when you take into account the potential revenue this bill can generate. After all, local police officers will be the front line in the fight against contraband across the province.

On the matter of raw leaf tobacco, we are pleased that the Ministry of Revenue will now take on the responsibility of auditing and verifying licensed raw leaf tobacco buyers. Bill 186 proposes to transfer the oversight for the production, process and sale of raw leaf tobacco from the Ontario Flue-Cured Tobacco Growers' Marketing Board to the Ministry of Revenue. While we strongly support this change, we want to take this opportunity to emphasize that the raw leaf market is complex and will require adequate resources and expertise to track the flow of tobacco from the farm to the manufacturing process. We invite the government to make use of industry expertise where it may prove beneficial.

Ultimately, this new legislation and its accompanying resources will be most effective if there is widespread

public support for the fight against illegal tobacco in the province. We urge the Ontario government to use the occasion of the proclamation of Bill 186 to implement a sustained public awareness campaign about the new law and its penalties. We believe that Ontarians will be highly supportive of this legislation once they learn more about the detrimental impact contraband tobacco is having on the social and economic progress of the province.

In the past, governments have placed blame on illegal manufacturing sites based in the United States for fuelling the illicit market in Ontario. While sites in the United States certainly continue to have an impact, what can't be ignored is the continual increase in capacity and expansion of illicit sites based within this province. We urge the province to take a realistic approach to enforcement and deal with the Ontario-based illicit production. Those who manufacture and sell the clear plastic bags of illegal cigarettes abide by none of the over 200 federal and provincial regulations governing tobacco products, including mandatory warning labels. Most alarming is the fact that illegal, unregulated cigarettes are being sold to young people at a fraction of the cost by criminals who do not, of course, ask for proof of age. In short, the illegal trade undermines every single tobacco control measure put in place by governments.

Imperial Tobacco supports your government's efforts to reach negotiated agreements with First Nation communities. Furthermore, we ask that you include the industry representatives in the consultation process. We have learned from experience with the federal government that while it's easy to issue a licence, it is much more difficult to verify regulatory compliance.

In closing, Imperial Tobacco supports the government of Ontario's initiative to fight the scourge of contraband tobacco in this province. There are no easy solutions. We're confident that by allowing local police to issue tickets, by allocating additional resources to enforcement and monitoring, and with the launch of a comprehensive public awareness campaign, Bill 186 may go a long way toward removing illegal cigarettes from the streets and communities. Thank you.

The Chair (Mr. Pat Hoy): And thank you. The questioning will go the government. Mr. Delaney.

Mr. Bob Delaney: True or false: Smoking tobacco contributes to cancer, lung disease and many other preventable illnesses.

Mr. Derek Ogden: I'm certainly not an expert in that field, but I'd say true.

Mr. Bob Delaney: Thank you. What were Imperial Tobacco's profits in the last five fiscal years?

Mr. Derek Ogden: I'm sorry, I can't help you with that. Imperial Tobacco is a wholly owned subsidiary and it's part of British—

Mr. Bob Delaney: So an undertaking, then, you'll file that with the committee clerk for circulation to the committee?

Mr. Derek Ogden: Pardon me?

Mr. Bob Delaney: An undertaking from you, then, to file that information with the committee clerk for circulation to the committee.

Mr. Derek Ogden: For the British American Tobacco profits?

Mr. Bob Delaney: For Imperial Tobacco's profits in the last five fiscal years.

Mr. Derek Ogden: I can certainly make that request.

Mr. Bob Delaney: I'm asking for an undertaking: not that you make a request, not that you try and work it up the corporate ladder, but that you file it. Yes or no?

Mr. Derek Ogden: I'm not sure if I'll have the ability to do that in our office. I'm not trying to be obstructive—

Mr. Bob Delaney: That's a no.

Mr. Derek Ogden: I just don't know if somebody in our office would overrule me.

Mr. Bob Delaney: Okay, so that's a no.

How much, in the last five fiscal years, has Imperial Tobacco invested in smoking cessation programs among youth?

Mr. Derek Ogden: On that, I have no idea. I don't work in that area.

Mr. Bob Delaney: What area do you work in?

Mr. Derek Ogden: I work in anti-illicit trade, so I deal with organized crime groups that deal in illicit tobacco. I deal with looking at the market as far as where illicit tobacco is most prevalent.

Mr. Bob Delaney: So what have you done to keep your product out of the hands of the type of groups whom you've just described?

Mr. Derek Ogden: We've got very stringent measures up and down the supply chain to make sure that our product does go to the retailers that are licensed to retail tobacco and collect all applicable taxes.

Mr. Bob Delaney: Would you file a synopsis of those with the committee clerk for distribution?

Mr. Derek Ogden: Certainly, as in—

Mr. Bob Delaney: Thank you. I think Ms. Albanese has a question for you.

Mrs. Laura Albanese: Thank you. I just wanted to have a clarification about how the federal tax rates are applied to cigarette cartons in Canada; across the provinces, not only in Ontario. Is it the same tax rate across all the provinces, or does it vary?

Mr. Derek Ogden: Mr. Chair, I should mention that I'm certainly not any type of an expert in excise, but I believe that the federal excise tax is the same everywhere. In each one of the provinces, I think it's even.

Mrs. Laura Albanese: We're trying, with my colleague here, to have some clarity on—this is a chart that was presented by the presenter before you, and we see that there is quite a difference per province as far as provincial tobacco tax rates per carton of cigarettes. So we were wondering if maybe you could illuminate us a little more on how that worked.

Mr. Derek Ogden: No, and I'm actually not even sure exactly how the tax breaks down.

Mrs. Laura Albanese: From your knowledge, it is not the same across each province? Or it is?

Mr. Derek Ogden: I believe that the federal excise tax is the same, but I can't guarantee that for you. And I believe that provincial taxes vary from province to province. I do know that there are certain provinces that have HST as well.

Mrs. Laura Albanese: Thank you. And my colleague—

Ms. Helena Jaczek: To follow up, because we're wrestling with the cost chart for 200 cigarettes in each province: Does your company charge a different price for a carton of 200 cigarettes from province to province?

Mr. Derek Ogden: I'm not sure on the pricing. I don't think that they do. I know they charge different prices for different types—

Mrs. Laura Albanese: Like brands.

Mr. Derek Ogden: Some brands are more expensive than others. I don't believe that they charge a different price from province to province, though.

Mrs. Laura Albanese: Thank you.

The Chair (Mr. Pat Hoy): And thank you for your presentation.

Mr. Derek Ogden: Thank you, Mr. Chair.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

The Chair (Mr. Pat Hoy): Now I'd ask the Registered Nurses' Association of Ontario to come forward, please. Good morning. You have 10 minutes for your presentation. The questioning in this round will come from the official opposition. I would just ask you to identify yourself for Hansard.

Ms. Doris Grinspun: Thank you very much, and good morning. My name is Doris Grinspun, and I'm the executive director of RNAO, the Registered Nurses' Association of Ontario. With me today is Rob Milling, director of RNAO's policy department.

RNAO is the professional association for registered nurses who practise in all roles and sectors in Ontario. Our mandate is to advocate for healthy public policy and for the role of registered nurses in enhancing the health of Ontarians.

RNAO was proud to represent Ontario's nurses on the vitally important Tobacco Strategy Advisory Group, known as TSAG, a panel of health experts established to advise the government on a five-year plan to build on the successes of the smoke-free Ontario strategy.

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Our final report called for a comprehensive tobacco strategy that reduces both demand for tobacco products, including preventing young people from getting addicted, and the supply of legal and unregulated tobacco products. We recommended practical and achievable outcomes that will lead to our shared vision of a tobacco-free Ontario.

Tobacco use is a well-known and totally avoidable cause of illness and death, killing 13,000 Ontarians per year and resulting in \$1.93 billion per year in direct health system costs, not to mention the cost in lost pro-

ductivity estimated at an additional \$5.8 billion. Smokers and non-smokers face significant health risks.

The good news is that Ontario has made progress in reducing smoking rates. Smoking prevalence dropped from 23% in 1999 to 15% in 2009. The progress is attributable to a range of steps taken by government to reduce the scourge of smoking. These steps include: the Smoke-Free Ontario Act, which we praise as one of the toughest in North America; the ban on smoking in cars when children are present; the ban on displays of tobacco; and support for smoking cessation, including support at the Ontario and federal levels for RNAO's best-practice guideline on smoking cessation and related tools that are being used across the nation today.

The bad news is that progress is levelling off and has levelled off since 2005. In fact, preliminary figures for 2010 show a marginal increase in smoking from 15% to 16%. We know that the tobacco industry is working hard to expand its consumer base, and government must maintain its commitment to tobacco control and work even harder with all of us to protect public health.

We are encouraged by the April 21 announcements of enhanced support for smoking cessation, prevention of youth smoking and access to nicotine replacement therapies through primary care providers such as nurse-practitioner-led clinics and physicians in their clinics.

Bill 186 addresses one huge barrier to lowering smoking rates: the ready availability of cheaper contraband tobacco. It is well known that demand for tobacco is very sensitive to price, and raising its price through taxes is an effective way of deterring would-be smokers—I would say, in fact, current smokers. The presence of illegal tobacco makes it more difficult for government to impose health-saving taxes.

The bill lands chiefly on the side of regulation and enforcement against contraband tobacco. Consistent with one of our advisory group's recommendations to go beyond cigarettes to encompass all tobacco use, the bill itself would tighten regulation of tobacco in its raw leaf form by requiring producers, processors, dealers, importers and exporters to obtain registration certificates. This could allow more effective enforcement by reducing diversion of raw tobacco to unlicensed manufacturers. This is a step towards the advisory group's recommendation to use that regulation to reduce the production of tobacco.

Bill 186 would impose labelling on fine cut forms in the way that cigarettes must currently be labelled. This would combine with extension of authority of enforcement officers to seize illegal unmarked tobacco products.

The TSAG report also includes labelling and enforcement as tools in its suite of tools to raise tobacco prices and dissuade use of contraband tobacco. In the future, we look forward to the government adopting the advisory group's recommendations on minimum retail prices and tobacco tax hikes.

We also called for a dialogue with First Nations leadership and communities on contraband tobacco. We hope that section 13.5 of the amended act would facilitate

those discussions, which First Nations representatives say have not yet happened.

Taken together, Bill 186 and the April 21 announcements address a number of key recommendations of the advisory group's report. They steer tobacco control in Ontario a significant distance in the right direction. For that reason, we join with other health organizations in calling on all parties to quickly pass Bill 186.

During the coming election and beyond, Ontario's nurses will work with all parties to achieve an even stronger commitment to a vision and plan to virtually eliminate smoking from the province. We will not rest until that day.

At the same time, RNAO again urges all parties to address the social injustice that is spawning much of the tobacco smuggling: the deplorable economic and social circumstances that exist in far too many aboriginal communities. The sad reality is that tobacco smuggling is an economic option in the absence of better alternatives. Would a community freely choose an industry that contributes to smoking prevalence double that of the rest of Ontarians? We don't think so.

Ontario has a poverty reduction program, and top priority must be placed on addressing poverty in aboriginal communities. All these strategies need to have better linkages. This is something that must be negotiated with aboriginal communities, respecting all traditional rights and mindful of equity considerations both in aboriginal communities and outside of them as well. Contraband tobacco may be a significant health threat on and off aboriginal communities, but it is also a warning sign pointing to the deep-seated and challenging inequities that we have across this nation. Solving them will not be easy, but it behooves us as a province to urgently devote the time and resources to right those historical inequities.

In closing, we urge the committee members to pass the bill as a good step towards addressing contraband tobacco and getting tobacco control more solidly on the rails. We look forward to working with all parties in building a comprehensive tobacco reduction plan as outlined by the TSAG report, which we would like to see completely and fully advanced forward.

Thank you again for giving us the opportunity to present the views of registered nurses in Ontario.

The Chair (Mr. Pat Hoy): Thank you, and the questioning will go to Mr. Miller of the official opposition.

Mr. Norm Miller: Thank you very much for your presentation this morning. I guess I'll start off with the problem I basically have. We're learning that pretty much half the cigarettes sold in the province of Ontario are contraband or illegal cigarettes. We heard from an earlier presenter that Ontario's the worst in the country, in terms of the rate of contraband cigarettes, up to pretty much 50%. So it's hard to have government programs, health programs, that are going to be effective if half the cigarettes sold are outside of the system.

I guess my question would be, why do you think it's taken so long to get to the point of bringing legislation in

to try to deal with the problem? Now we have a rushed process. We have a week or so left in the legislative schedule, and we're kind of rushing through it. The first aboriginal presenter took offence at the fact that they got 24 hours' notice, which is certainly not the right way to build support for the bill. Any comments on that?

Ms. Doris Grinspun: Absolutely. I just tend to take the positive of things and move forward with them.

Yes, it could have happened before, but we are delighted that it's happening now. We are asking for your support in making sure this moves forward quickly so that it happens. We see it, as I said, as a step in the right direction. It is not the comprehensive strategy that we are looking for, and we hope to see, in all of your platforms, the TSAG report reflected in its entirety.

We urge you again, all of you, to take this on and pass it. It is a step in the right direction. And if Ontario's the worst, that's more of a reason to do that.

Absolutely, we need to have dialogue with the aboriginal people. We said that in our submission, and we expect that will happen indeed.

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Mr. Norm Miller: You did talk a bit in your presentation about smuggling with reference to the aboriginal communities. We heard from another presenter that the smoking rate for aboriginal youth is the highest in the country. Comments about that?

Ms. Doris Grinspun: Yes, and of course it's the highest, both because of the availability of tobacco and also because of their social conditions. That is why we are saying to the government, current and future, that there are two strategies in this province going on: one, on poverty reduction, and we have asked in the past to put a special focus on aboriginal people, simply because it's the worst that we have—it's a shameful point for Canada, not only for Ontario; and two, to make better linkages between the various strategies that we have in moving forward.

Mr. Norm Miller: A couple of the other presenters also talked about—I think Mr. Perley from OCAT said something to the fact that he would have liked to have seen a ticketing system. Then we also heard from another presenter who said, I believe, that they would like the ability for police to write tickets on the spot to simplify the system. Have you looked at that at all or do you have any comments on that?

Ms. Doris Grinspun: No, I don't have comments on that.

Mr. Norm Miller: Okay, that's about all the questions I have on this.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

Ms. Doris Grinspun: Thank you very much.

CHIEFS OF ONTARIO

The Chair (Mr. Pat Hoy): Now I would call on the Chiefs of Ontario to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning, this time

coming from the NDP. I'd just ask you to state your name and then you can begin your presentation.

Chief Angus Toulouse: Angus Toulouse, Giida Aandek from Sagamok Anishinabek.

Remarks in Anishinaabemowin.

Good morning, committee members. Again, I want to thank you for giving me the opportunity to present today. I am here, as was stated, on behalf of the Chiefs of Ontario. I'm also here today to urge you to wholly reject this legislation proposed by Bill 186.

I will begin my presentation with the process issue; that is, the motion that was passed by the Legislative Assembly two days ago to have this bill rushed through. This type of action, especially in this case, does not promote the principles underlying a true democracy, without giving all potentially affected groups the opportunity to conduct substantive analysis of this legislation.

Prior to this legislation even being introduced, the First Nations in Ontario were not consulted on this legislation, and it is aimed at affecting some of First Nations' most basic economic and aboriginal rights.

The Ontario Ministry of Revenue introduced this bill—proposed amendments to the Tobacco Tax Act—on April 21, 2011, in direct opposition to the inherent aboriginal right to the cultivation and trade of tobacco.

This bill also serves to, once again, trample on our collective rights. Article 3 of the United Nations Declaration on the Rights of Indigenous Peoples provides that we have the right to freely determine our political status and our economic, social and cultural development.

Bill 186 makes the primary focus of the legislation punitive action rather than tobacco-use reduction strategies. It specifically targets products that are grown or manufactured within First Nation communities and under the jurisdiction of First Nations. For a government that prides itself on consultation and transparency, this lacks the goodwill that must underpin a successful working relationship.

Tobacco has been a trading commodity for First Nations for thousands of years. We possess inherent rights, protected by the treaty relationship between First Nations and the successor state of Canada, to produce, trade and use tobacco. Given these considerations, it's appalling that the province would proceed with this initiative.

First Nations chiefs within Ontario have clearly stated that it is "the right of First Nations to make rules and regulations on all tax (tobacco) matters that concern First Nations," and that "both crown government and their agencies must understand that the regulations and monitoring of First Nation industries within First Nation territories are the responsibility of First Nation leadership/governments."

First Nations have always exercised their right to self-determination, including the right to travel freely across their territories to carry on trade and political relations on a nation-to-nation basis, as affirmed by the Jay Treaty of 1794.

First Nations do not recognize borders in nation-to-nation trade and commerce. As indigenous nations, First Nations have the jurisdiction to manage, control and regulate trade and commerce within their traditional territories.

In its current form, the bill presents a narrow set of interests while ignoring those of First Nations.

Section 25, which enables the province to enter into agreements with bands for the purposes of administering the Tobacco Tax Act, only serves to facilitate the introduction of provincial regulation onto reserves through band consent and administration. It does not acknowledge the authority of First Nations to create their own regulations. The legislation is silent on the point of provincial acceptance of federally licensed tobacco products.

Cigarette manufacturers that currently hold federal manufacturing licences and are located on-reserve are required to pay federal excise taxes and adhere to strict health and labelling requirements. These tobacco products are federally marked.

Despite this, the Ministry of Revenue and the Ontario Provincial Police have been targeting federally licensed First Nations cigarette manufacturers, threatening to close down plant operations and arrest individuals transporting products from one reserve to another.

Ontario is currently overstepping its authority by attempting to apply provincial jurisdiction on reserve land.

The division of powers outlined in Canada's Constitution, as well as the Indian Act, describes the responsibilities of the federal government with regard to lands reserved for Indians. All levels of government are required to consult with First Nations on matters that impact on their aboriginal and treaty rights.

First Nations have used and traded tobacco since time immemorial and have never surrendered this inherent and constitutionally protected right. Ontario's attempt at regulating First Nations tobacco is an intrusion of their government's jurisdiction and in violation of section 35 of the Canadian Constitution. The Ontario Attorney General has the responsibility of upholding the constitutionally protected rights of First Nations, a responsibility that has thus far been ignored.

Seeking the input of First Nations after the tabling of the legislation creates a limited opportunity to broaden the scope of the legislation so that it protects their rights and interests.

These circumstances are further undermining the relationship between Ontario and First Nations, one that the government committed to reconciling through its participation in the Ipperwash inquiry priorities and action committee.

Based on these pressing and profoundly complex issues, Bill 186 must be stopped.

I will now provide some additional information you need also to consider as you report on this bill. Groups such as the Canadian Convenience Stores Association and the Canadian tobacco association are economically

impacted by the sale of illegal tobacco and are misleading the Canadian public by criminalizing the First Nations unregulated tobacco trade.

Canadian lawmakers are hesitant to address this issue for legal and jurisdictional reasons. Excessive taxes and regulation by Canadian law feed into the illegal markets, and further, more enforcement and higher penalties are not totally effective against illegal markets.

A number of tribes in the United States have taken a proactive approach in addressing these issues by creating institutions to address the following: creation of standards and an approval process for tobacco product entering and leaving the territory; an enforcement regime to monitor the sale and use of tobacco products within the territory; and also an education component to educate on the traditional uses of tobacco and the negative health effects of tobacco products.

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In addition to these factual considerations, there are also a number of questions that remain unanswered with respect to this legislation.

There are many aspects of this legislation that are unclear, including definitions of "specified purposes" and "self-regulation." Does the province have constitutional authority to regulate on reserve lands, especially considering the aboriginal and treaty rights potentially implicated by this proposed legislation?

The Ministry of Revenue is using the anti-smoking campaign to combat contraband tobacco. First Nations have an interest in ensuring that their aboriginal right to grow and possess tobacco is not affected by this legislation. As an example, what happens if a First Nations individual is engaged in a ceremony and has tobacco in plain view, ready to put into their pipe? Can an officer just barge in and seize that unmarked, raw tobacco?

What is the status of federally licensed tobacco products? Will the proposed provincial tobacco regime affect those First Nations manufacturers holding federal licences? And to what extent is the province going to recognize First Nations' jurisdiction in the self-regulation of the tobacco industry?

Our chiefs in assembly have asserted the rights of their people through resolutions. They have stated that Ontario does not have the jurisdiction to tax, administer, regulate or otherwise interfere with the trade and commerce between First Nations. Ontario has no jurisdiction to tax, administer or regulate the sale of tobacco products manufactured on First Nation territory or for transport and sale in another First Nation territory.

First Nations affirm that our immunity to Ontario and Canadian taxes is derived from the spirit and intent of our treaties. It is recognized and affirmed that our immunity to taxes is applicable anywhere on our historic original lands, both on and off reserve. Complete tax immunity must be honoured.

Finally, the crown must understand that the regulation and monitoring of First Nation industries within First Nation territories are the responsibility of First Nation leadership and governments.

To conclude, this bill is being sold as one aimed at helping smokers quit and preventing young people from getting addicted, but I submit that this is not the actual aim of the legislation, nor will this legislation have any real impact on reducing tobacco use amongst those who are intent upon smoking and those enabling young people's addictions.

Again, thank you for the opportunity to present to you this morning.

The Chair (Mr. Pat Hoy): And thank you. The questioning will go to the NDP and Ms. Gélinas.

M^{me} France Gélinas: Thank you so much, Chief Toulouse, for coming here this morning. When Chief Phillips was here earlier on this morning, he made it clear that he had not been consulted before this bill was rolled out. Had you been consulted?

Chief Angus Toulouse: No, I was not consulted on this piece of legislation.

M^{me} France Gélinas: You have made it clear that treaty rights are not being respected by what will be implemented if Bill 186 passes. In your view, do you figure it will help First Nations kids quit smoking or not pick up smoking if we pass this bill?

Chief Angus Toulouse: This bill will not reduce smoking, or it will not help kids quit smoking. I think what our First Nation leadership has essentially indicated is that we need to sit down with our young people. We need to be able to educate them in terms of the impacts—positively and negatively—of tobacco, because there is a positive use, in terms of our ceremonies, that we've always utilized, and certainly the offerings each day that are given by many of our elders to this day, again, giving thanks to creation and everything that we hold as part of our relations as being part of mother earth.

M^{me} France Gélinas: Other people have said that the bill will actually be an opportunity to start a conversation with the First Nations toward helping First Nations people quit. Do you agree with this?

Chief Angus Toulouse: I believe the First Nation leadership has said quite some time ago that if there's any infringement on our rights and if they're going to be trampled on by another piece of legislation—it was recognized nationally that the government has an obligation and a duty to consult with First Nations and accommodate. The United Nations declaration makes it even clearer. They essentially say there's not going to be anything that's going to impact us, negatively or positively, without our free, prior and informed consent.

Did that take place? No. I believe one time I did have a very short discussion with one of the members of the provincial Parliament, and the question was, would there be an interest in having some discussion around the tobacco issue in a revenue-sharing kind of an arrangement? I said our chiefs would be prepared to have that discussion, but that was the last we ever heard of it.

Again, I believe what Grand Chief Randall Phillips is saying is that I know they were taking a lead on behalf of many of the First Nations in Ontario, as they were waiting to have some dialogue. He has advised us that

that dialogue never took place. Likewise, with Grand Chief Mike Mitchell and Chief Montour: They've indicated the same thing, that there was some indication that there ought to be some dialogue. They did not, at the end of the day, have that kind of dialogue leading up to this legislation.

M^{me} France Gélinas: So we didn't live up to our duty to consult, it's not going to help First Nations people quit smoking, and am I right in thinking that it may open up the door to a whole lot of conflicts?

Chief Angus Toulouse: Yes. The First Nation leadership, at least that I've talked to, are working within their community to develop the kind of laws, legislation and strategies that would speak to the youth and the young people in terms of educating them on the impacts of tobacco and that, I believe, are what needs to take place.

I know the work is ongoing. I know that there is much to observe in terms of—at least in the case of Grand Chief Mike Mitchell's community, Akwesasne, and the laws and the regulations that they're putting forth now in terms of ensuring that it is the same in terms of the health standards, packaging and notification as any other manufacturer and any other product that you see that has tobacco being distributed in Ontario.

M^{me} France Gélinas: So we didn't consult, we're not going to help people quit, we're going to create all sorts of conflict and you're bringing forward strategies that would be appropriate to First Nations, that you have been working on, that are certainly in line with health promotion and disease prevention. Is the provincial government helping you in any way with some of the First Nations' proposals for health promotion and disease prevention regarding tobacco?

Chief Angus Toulouse: There is some programming that does take place through the Ministry of Health in terms of health promotion at the community level, and that's ongoing. That's just like with any city, with any municipality and any body. In our case, the First Nation community has those kinds of contribution arrangements, if you will, to continue to promote good health and so on, but not for this legislation.

M^{me} France Gélinas: No? Okay. Thank you.

The Chair (Mr. Pat Hoy): Thank you for your presentation before the committee.

We are recessed until 2 o'clock.

The committee recessed from 1019 to 1401.

CHIEF MEDICAL OFFICER OF HEALTH OF ONTARIO

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will now come to order for our afternoon session on Bill 186 and our public hearings.

I would ask our first presenter, the Office of the Chief Medical Officer of Health of Ontario, to come forward.

Dr. Arlene King: Can I sit here?

The Chair (Mr. Pat Hoy): Anywhere you like. You have 10 minutes for your presentation. There may be up

to five minutes of questioning. The questioning in this particular case will come from the government side. If you will just state your name, you can begin.

Dr. Arlene King: Good afternoon, everyone. My name is Dr. Arlene King, and I'm Ontario's chief medical officer of health. I'm here today to speak about Bill 186 and its importance from a public health perspective. I'd first like to commend the government for taking another step in the war against tobacco, and while Bill 186 does not signal the end of this war, it is another weapon that we can use in our fight.

The availability of contraband tobacco undermines Ontario's tobacco control efforts and reduces the effectiveness of cessation attempts. Reducing the supply of illegal tobacco is therefore critical to the success of the government's renewed smoke-free Ontario strategy.

The impact of illegal tobacco on youth smoking rates in particular cannot be overstated, and Bill 186, if passed, will help to reduce the supply of cheap, illegal tobacco available to young people and those trying to quit smoking. Low-cost cigarettes make it easier for not only our young people to begin smoking, but also several other high-risk groups in Ontario who are likely to be more price sensitive, including those with lower incomes or working in manual occupations.

I'd like to spend some time now explaining why it is so critical that we address tobacco use head-on. Tobacco use, for public health officials, is the ultimate source of vexation, and that is why, in my 2009 annual report Public Health—Everyone's Business, I identified the war on tobacco as one of the top five areas that public health and its partners simply cannot afford not to invest in. Because when you strip it down to what matters, there is really only one thing anyone needs to know about tobacco: It kills people. Here, in Ontario, it is the number one cause of preventable disease and death. Every 40 minutes, someone in this province dies because of tobacco—it's 13,000 people every year.

We've known for at least a half century that smoking causes lung cancer, a lethal disease with a five-year survival rate of only about 15%. When it isn't causing lung cancer, smoking is contributing to 18 other types of cancer, including stomach cancer, cervical cancer, leukemia and breast cancer.

In addition to cancer, smoking contributes to the development of cardiovascular disease and causes chronic obstructive pulmonary disease, which includes emphysema and chronic bronchitis. It also harms many aspects and every phase of reproduction, such as the growth and development of unborn babies.

Second-hand smoke has also been known to contribute to anywhere from 1,100 to 7,800 deaths in Canada annually; one third of these are in Ontario.

The economic case for tobacco control is, in its own way, as compelling as the human one. In Ontario, tobacco-related diseases cost the provincial economy \$1.9 billion in direct health care costs annually, and result in \$5.8 billion in productivity losses. Tobacco-related

diseases also account for 500,000 hospital days every year.

The facts about tobacco really are beyond dispute. To put it simply: it kills, it sickens, it burdens health care systems and costs all of us lots of money. Ontario has acknowledged this reality and has been fighting to reduce tobacco consumption for many years. There's really a great deal to be proud of in what has been accomplished: a province-wide law for smoke-free enclosed public and work environments; banning the display of tobacco products in convenience stores; prohibiting smoking in cars where children under 16 are present; prohibiting the sale of flavoured cigarillos; surpassing the goal to reduce tobacco consumption by 20% before 2007; and taking new steps to deal with illegal tobacco. This is all well and good, but we must not lose momentum.

In my 2009 annual report, I made it clear that I believe the government must make additional investments in tobacco control, engage in a cross-government approach to tobacco and take more action on cessation. I am very pleased that these recommendations are being heeded. I am pleased to see an increase of \$5 million in the smoke-free Ontario strategy, as well as an increased focus on providing smokers with the help they need to quit.

The fight against tobacco cannot and must not remain the sole responsibility of the Ministry of Health Promotion and Sport. If we are to enjoy increased success in reducing the uptake of smoking and encouraging people to quit, we have to have an all-hands-on-deck approach to tobacco reduction. We need a cross-sectoral, cross-government, and pan-Ontario approach. That's why I am pleased to see the Ministry of Revenue taking new action on tobacco with Bill 186.

When we look to the number of people smoking and the groups that are most vulnerable, it is clear that we all can contribute to creating a supportive environment to prevent tobacco use and promote cessation. Individuals, families, communities, workplaces, schools, boards of health and health providers all have a role to play. We also cannot underestimate the importance of engaging our First Nations communities on this important issue.

I understand that the Ministry of Revenue is currently engaged with many First Nations on matters related to tobacco activities on reserves and that the ministry will be appointing a facilitator to undertake engagement with many First Nations. I want to encourage the government to continue this collaboration with our First Nations partners, as they bring important perspectives to the challenges of reducing smoking and tobacco control.

I would like to end by once again commending the government for taking another important step in its commitment to a smoke-free Ontario. If passed, Bill 186 will be an important weapon in the fight against contraband tobacco and in our fight to protect Ontarians, especially our youth, from the dangers of cheap, illegal tobacco.

Thank you very much for this opportunity to speak, and now I'd be very pleased to answer any questions that you might have.

The Chair (Mr. Pat Hoy): Thank you. The questioning will come from the government. Ms. Jaczek.

Ms. Helena Jaczek: Thank you, Dr. King. This morning, we heard from Grand Chief Phillips and also from the Ontario regional chief, Angus Toulouse. It appeared from the perspective of the First Nations that they were certainly interested in more educational efforts for First Nations—young people and so on—on the risks of tobacco.

Perhaps you could outline to us how public health in Ontario is reaching out to First Nations people and what kind of initiatives we already have in place. And perhaps you could then talk a little bit about the \$5 million that is committed to improving some of these efforts as well.

Dr. Arlene King: In brief, public health units are heavily engaged with trying to promote the reduction of tobacco use in the province of Ontario through preventive efforts—and cessation efforts as well.

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The initial investment in trying to reduce the incidence of tobacco use will be an important step forward, particularly in the area of cessation, working particularly in health care settings to increase the number of people who quit. So in hospital settings, through public health units and other settings, the provision of nicotine replacement therapy combined with counselling are really very important and synergistic measures to reduce the prevalence of tobacco consumption.

I think the increased emphasis on cessation, the ongoing commitment to prevention of uptake of tobacco use as well, complemented by efforts to try to reduce supply of cheap tobacco, are all important and synergistic efforts, because we know from experience that you need that very broad-based approach to be able to actually impact the problem.

It really is all complementary and important. I think that's the one thing we have learned about dealing with tobacco over time.

Ms. Helena Jaczek: And working specifically with First Nations?

Dr. Arlene King: Yes. Again, I think that there's always more that can be done in that area, in terms of working with First Nations. But again, there are efforts being made in order to be able to improve the messaging and education of our youth, particularly in First Nations communities.

The Chair (Mr. Pat Hoy): Are there any other questions? None?

Thank you for your presentation before the committee.

Dr. Arlene King: You're welcome.

ONTARIO TOBACCO RESEARCH UNIT

The Chair (Mr. Pat Hoy): Now I call on the University of Toronto, Ontario Tobacco Research Unit to come forward, please.

Dr. Robert Schwartz: Thank you.

The Chair (Mr. Pat Hoy): Good afternoon. You have 10 minutes for your presentation. There could be up to

five minutes of questioning; in this case, it will come from the official opposition. I'd just ask you to identify yourselves for our recording Hansard, and then you can begin.

Dr. Robert Schwartz: I'm Robert Schwartz, deputy director of the Ontario Tobacco Research Unit and associate professor at the Dalla Lana School of Public Health, University of Toronto.

Dr. Michael Chaiton: My name is Dr. Michael Chaiton. I'm an assistant professor at the University of Toronto and a scientist at the Ontario Tobacco Research Unit.

Dr. Robert Schwartz: The Ontario Tobacco Research Unit is a research unit that is funded by the Ministry of Health Promotion and Sport, as well as through grants and contracts from other organizations. We are based at the University of Toronto and at the Centre for Addiction and Mental Health, and we have affiliated partners at the University of Waterloo. It's a broad-based network-type of organization. We have investigators from across the province and, indeed, from outside the province as well.

Today, I'd like to speak with you briefly about the problem of contraband and the scope of the problem in Ontario—at least, what we know of it from what is available from solid research work.

This is not an easy problem to actually understand and to scope out, so you will see that the prevalence of the use of contraband in Ontario is not completely known. We have different estimates of the prevalence of the use of contraband that range from 14% all the way up to 49%, that 49% being from tobacco industry studies, which we have tried to get to the bottom of, in terms of their methodology. We must say that, at this point, we're unable to validate or verify those particular results.

For adult use of contraband, we have our own studies from the Ontario Tobacco Research Unit that indicate that about 26% of Ontario adults report purchasing cigarettes on Indian reservations. That would mean that there would be even more purchasing contraband cigarettes, and you can guess that only a portion of contraband cigarettes are purchased directly on Indian reservations.

There has been an analysis done by Physicians for a Smoke-Free Canada that looked at differences between prevalence estimates and sales data. According to that analysis, there's an estimate that, in Ontario, about 40% of cigarettes used were contraband cigarettes.

Amongst youth, the problem has also been studied. Different estimates also come up with different numbers, but one study indicates that about 25% of cigarettes smoked by adolescent daily smokers in Ontario were contraband. Another estimates that approximately 50% of Ontario high school daily smokers consumed contraband during the previous year. Finally, a more recent study that's still under review suggests that up to 73% of youth in Toronto, 63% in Ottawa and 79% in Montreal report past month use of contraband cigarettes. In addition, those adolescent smokers in all three of these cities reported that acquiring contraband cigarettes is either "easy" or "very easy."

We might say that there is difficulty in coming up with a single agreed number for the prevalence of contraband use, either amongst adults or amongst youth, and there are a couple of reasons for this. One is that the methodology that's used in different studies is different. The second is that it's actually quite difficult to get reliable estimates based on population surveys—at least the surveys that we are currently running. Finally, it seems that the nature of the problem is actually volatile: that the amount of contraband that is used is dependent, somewhat, on the specific supply in specific places at different points in time.

We want to emphasize that related to the problem of the prevalence of contraband is its effects on the potential gains that Ontario might make in decreasing the prevalence of tobacco use. It has been shown over and over again in the literature that there is a strong relationship between the price of tobacco and smoking behaviour. High price, which is achieved through taxation, is one of the most effective, if not the most effective measure to combat the use of tobacco. Contraband undermines this measure by making cheap cigarettes widely available.

Contraband cigarettes in Ontario are not a result of high taxes on cigarettes but, rather, a supply chain that makes the product readily available. We must note that amongst Canadian jurisdictions Ontario has the second-lowest tax on cigarettes but, apparently, one of the highest rates of contraband. This widespread availability of contraband is a risk, and we have pretty much demonstrated that it is working in a very detrimental fashion in that the rate of decrease in the prevalence of cigarette use in Ontario has decreased. We flatlined, pretty much, over the past few years, and that seems to correlate quite strongly with the increase in the prevalence of contraband and the availability of contraband cigarettes.

Thank you.

The Chair (Mr. Pat Hoy): And thank you. The questioning will go to the official opposition. Ms. MacLeod?

Ms. Lisa MacLeod: Welcome to our committee and thank you very much for taking the time out of your—I'm sure—very busy schedules to comment on contraband tobacco.

I enjoyed reading your submission. It talks an awful lot about contraband as a problem. How do you go about solving it? I understand that when you're talking about taxation on legal cigarettes, it is a good idea because it makes it very expensive for people to purchase it. Then, of course, when there is contraband, that undermines that whole notion of making it unaffordable, whether it's for youth or even adults.

You say it's not sort of a revenue problem. But the question is, how do we go about fixing it? Does this bill in front of us go far enough or does it go too far?

Dr. Robert Schwartz: We've done a survey, a knowledge synthesis that was funded by the CIHR, the Canadian Institutes of Health Research, to try and understand the various policy measures that might be put into place to combat contraband. We've identified about 10 different measures that have been used in various

places that run the route of increased enforcement and increased markings and labelling on cigarettes.

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One of the ones that we identified as of potentially the greatest advantage is collaboration with the people who are involved in the supply chain, specifically in Canada and in Ontario, the First Nations communities. The discussions that we had with those communities, to the extent that it was possible to have those discussions, indicated that the economic benefits that accrue to some of those communities or some members of those communities were an obstacle to their resolution of the problem.

What we understand in Ontario is that it is known where the supply is coming from. It is known, more or less, how the product is moving from the points of production or the points of entry over the border to the consumers. Yet until now, not enough has happened to enforce or to deal with those problems.

My understanding of the bill is that it will make great steps forward. I wouldn't feel in a place to comment on whether it goes far enough.

Ms. Lisa MacLeod: Earlier today, we heard from two chiefs of First Nations. One, I believe, was for all chiefs of Ontario, Angus Toulouse, who's quite well known here at Queen's Park, as well as Grand Chief Randall Phillips, from the Association of Iroquois and Allied Indians. They both brought very good presentations to the committee. It's really interesting in that they both felt that, through this whole process, they had not been adequately consulted, for lack of a better term. You're suggesting that one of the greatest places in the supply chain where contraband is coming from is in First Nations communities?

Dr. Robert Schwartz: What we identified in our study is the need to work closely with the First Nations communities on getting at a solution, yes.

Ms. Lisa MacLeod: Both of the gentlemen who were here today sort of indicated that they weren't part of this consultative process, so I really appreciate that clarification.

You did mention—and I just wrote it down—10 different measures throughout various jurisdictions. It spans from increased enforcement to the markings to working collaboratively with our First Nations communities. In your research, what jurisdiction seems to have addressed this the best in North America, given that we do have some border issues with this challenge?

Dr. Robert Schwartz: I would say that the problem of contraband is very different in each jurisdiction, even within North America. It may be similar in Ontario and Quebec, but it would be different in British Columbia than it is here in Ontario and Quebec. The solutions that we've seen from abroad, from overseas, may or may not be applicable here.

One of the things that came up is that when you try and close the flow in one place, it starts flowing in another. For example, in one country, they worked very hard on making sure that the containers coming in from

the ports were checked better, and they apparently managed to stop much of the flow coming in that way. But it ended up coming up in different ways. Then you had a problem with counterfeit cigarettes, which hadn't existed before. So I would say that it's difficult to learn specifically from what one jurisdiction has done and to apply it to the situation here.

Ms. Lisa MacLeod: The chiefs who appeared—

The Chair (Mr. Pat Hoy): Thank you.

Ms. Lisa MacLeod: Oh, we're finished. That was fast. Well, thanks very much; I appreciate it.

The Chair (Mr. Pat Hoy): Thank you for your presentation.

TORONTO PUBLIC HEALTH

The Chair (Mr. Pat Hoy): Now I will call on Toronto Public Health to come forward, please.

Ms. Carol Timmings: Good afternoon. Thank you.

The Chair (Mr. Pat Hoy): Good afternoon. Let me advise you that you have 10 minutes for your presentation. There could be up to five minutes of questioning, and it will come from the NDP in this case. You can begin, and just state your name for our recording.

Ms. Carol Timmings: My name is Carol Timmings. I'm the director of healthy living at Toronto Public Health, specifically of chronic disease prevention and control. I'm also here in the capacity as past president of the Ontario Public Health Association. This is my colleague Mary-Anne McBean, who is also from the city of Toronto and on the board of the Ontario Public Health Association.

Thank you, Mr. Chair and committee members, for giving me the opportunity to speak to you today.

I have been involved in issues relating to tobacco control for more than 20 years, and most recently had the opportunity to sit as a member of the Tobacco Strategy Advisory Group. I am here to express my strong support for a speedy passage and proclamation of Bill 186.

Ontario has made significant strides in reducing tobacco use. I know you're all very much aware of the facts about tobacco, but I do believe some of them merit repetition. Over two million people in this province still smoke. This is about the same number of people who live in the city of Toronto. Tobacco use continues to be the leading cause of preventable death and disease in this province. Every year, more than 13,000 people in Ontario die because of tobacco use. This translates into one person dying almost every 40 minutes. Tobacco is the only legal product that, when used as intended, kills half of its users prematurely. It can also kill others through involuntary exposure to second-hand smoke.

The smoke-free Ontario strategy has contributed to reductions in smoking, and we believe that Bill 186 is yet another positive step in our collective fight against tobacco by controlling contraband tobacco. It is well known that ready access to tobacco products, particularly inexpensive contraband, increases smoking initiation,

hampers cessation efforts, increases youth access and, in fact, tobacco use generally.

Bill 186 fulfills some of the key recommendations of the Tobacco Strategy Advisory Group by:

- requiring those who produce, process, sell or distribute raw leaf tobacco to be registered;

- creating a tax-paid marking for fine-cut tobacco, thereby enabling inspectors to seize unmarked product;

- creating a new fine structure, making it easier to get court approval;

- authorizing police and other authorized personnel to seize unmarked tobacco products in plain view; and

- increasing government authority to create agreements with First Nations concerning on-reserve tobacco sales, such as preventing sales of tax-exempt tobacco to ineligible people as well as the development of strategies to address the production, distribution and sale of contraband.

Toronto Public Health and, indeed, the other 35 health units across this province work every day with communities and organizations motivating people to quit and working with people to prevent them from smoking, particularly our youth. Inexpensive, illegal cigarettes flooding the market make it much easier for young people to access tobacco, even if they're underage. Young people, we know, are the most sensitive to the price of tobacco. In other words, low-priced cigarettes make it so much easier for them to access this deadly product, smoke more cigarettes and become very readily addicted. Similarly, low-priced tobacco does not offer the same incentive to reduce or quit smoking as higher-priced, fully taxed cigarettes.

Today, I wanted to do something a little different so I actually brought some exhibits. I wanted to just present you a sample of what we come upon in our day-to-day work, particularly our enforcement staff. I've just brought a sample of a baggie that would normally contain, as a rule, about 200 contraband cigarettes. Our youth in this city can get these cigarettes—and they sometimes show up as little sample baggies too, depending on where they're selling them. They can buy this entire baggie, a big baggie of 200, for as little as \$20 on our streets right now. Normally, if you were to buy the equivalent in cigarettes legally, they're worth about \$95. That's a significant price differential.

A package—and interestingly enough, on my way here on the TTC I happened to run into an empty one of these discarded on the TTC car. A package of contraband, the kids can pick up for about \$4. This would normally be worth in the neighbourhood of \$10 if they were to buy it at their convenience store. This is cheaper than a movie ticket; okay? Kids can get these cheaper than a movie ticket.

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We know in Toronto and in other parts of this province, from the experience of our enforcement staff, our staff out working in schools, working with teachers and youth organizations, that not only do you have to go out and get these, but these can be delivered to your door.

You can get them at your schoolyard. They're available at the local convenience store. They're just not out in the same way—under the counter, in their safes, in various spots. It's this tobacco that actually accounts for 43% of all cigarettes smoked by high school students in this province.

Figures from RCMP reports show a skyrocketing increase in the amount of contraband tobacco available in the last 10 years. Ontario and Quebec are the largest consumers of contraband cigarettes—not a distinction we're proud of; in fact, it's very shameful.

Not only is the health of Ontarians being affected by contraband, but so is our economy. One report indicates that for 2007, Ontario lost \$500 million in taxes due to contraband. Take a minute or two to think about what that kind of lost revenue could have done for communities across this province.

Evidence shows that raising prices of cigarettes is an effective intervention in reducing consumption and smoking prevalence for both youth and adults. Increasing taxes on cigarettes has been a key strategy in our successful fight against tobacco. The availability of contraband tobacco completely circumvents this important tobacco reduction lever. Ongoing availability of contraband tobacco hampers all our efforts to reduce tobacco use. A failure to deal effectively with the contraband issue is a failure, quite frankly, to protect the health of Ontarians.

Contraband tobacco is just too easily accessible. In Toronto, contraband cigarettes have been found in retail premises hidden in cupboards, inside ATM machines, in cereal boxes, in concealed closets and in vehicles parked in back laneways. Our inspectors can tell so many stories.

I'm here today to really encourage the committee and MPPs to maintain your strong commitment to tobacco control in this province. I believe that Bill 186 is consistent with government investment and actions to date and is a wonderful opportunity to build on those actions. It is absolutely essential that the momentum that we have gained in this province in the fight against tobacco be maintained by passing and proclaiming Bill 186 prior to the end of the current session of the Ontario Legislature.

Ontario needs to continue to be a leader in tobacco control. Please don't let all of our accomplishments go up in smoke.

The Chair (Mr. Pat Hoy): Now we'll go to the NDP. Ms. Gélinas.

M^{me} France Gélinas: I feel like clapping; a very, very good presentation.

Some little questions about the bill: Some people have come and said that we should have given police officers the right to ticket right there on the spot rather than having to bring somebody whose products have been seized through court and the process, where that means that basically the police officer has to prepare for court, rather than: "Your first offence, you're caught with a baggie of illegal cigarettes, you get a ticket." What's your view on that?

Ms. Carol Timmings: I think that would have been very helpful. However, I must say, in terms of looking at

some of what Bill 186 fulfills, I think it is the right direction, an incremental step. I think that would have streamlined the process, absolutely. I think it would have been an opportunity to, very early on, give that message to the individual in terms of what the expectations are around possession of contraband cigarettes. We didn't see that, but I think that would have been very helpful.

M^{me} France Gélinas: It's not too late.

Ms. Carol Timmings: It's not too late. I think that would be a very helpful amendment. Anything we can do to make it less complex in terms of the process and really be able to take action on the spot is, of course, very helpful. That would be a helpful amendment.

M^{me} France Gélinas: The second question I wanted to ask is: In all of the seizures that you and your enforcement officers do—and you didn't touch on this—how aware are the people using those tobacco products? Are they aware that what they're doing is illegal?

Ms. Carol Timmings: I have to say that it's the price that speaks volumes. Many are aware it is illegal. Some, on face value, would say that they are not. Some are misled in the purchasing exchange. I think there is opportunity for more public education in that regard, but I think price speaks volumes. I think ease of access—the consciousness levels are, I think, on a continuum. I think some are absolutely both aware that the sale is illegal and the purchase is illegal; for others, it depends on the age group. So I think it is fairly circumstantial.

M^{me} France Gélinas: You mentioned it depending on age group. Would you have data as to how aware people are that—I can speak for my riding; my riding gets most of their cigarettes from Atikameksheng Anishnawbek,

which has lots of smoke shacks. The police officers go in and buy their smokes there, so it makes it so legitimate. Everybody does it—

Ms. Carol Timmings: It becomes a norm, a normative practice. I would say that's right. Particularly when we see new smokers, they just go where people go to get the cheapest product. It's the price point. It becomes the norm. So their level of awareness may or may not be there.

M^{me} France Gélinas: So then my next question is, there are possibilities to make amendments to the bill, one being that we have to have an awareness campaign roll out before—

Ms. Carol Timmings: Absolutely. I think public education is always a critical part of any legislative change. I think we go about that every day in a more episodic way in our local work in the community, but I think legislative change, such as this, accompanied by good public education is absolutely a recipe for success.

M^{me} France Gélinas: Thank you.

The Chair (Mr. Pat Hoy): And thank you for your presentation.

Ms. Carol Timmings: Thank you so much for your time. I appreciate the opportunity.

The Chair (Mr. Pat Hoy): I just want to remind the committee of a couple of important dates. Amendments to the bill must be filed with the clerk of the committee by 4 p.m. on Wednesday, May 25, and then, of course, the committee will meet again on Monday, May 30, at 2 p.m., for clause-by-clause consideration of the bill. With that, we are adjourned.

The committee adjourned at 1437.

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Assemblée législative de l'Ontario

Deuxième session, 39^e législature

Official Report of Debates (Hansard)



Monday 30 May 2011

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Lundi 30 mai 2011

Standing Committee on Finance and Economic Affairs

Comité permanent des finances et des affaires économiques

Supporting Smoke-Free Ontario
by Reducing Contraband
Tobacco Act, 2011

Loi de 2011 appuyant
la stratégie Ontario sans fumée
par la réduction du tabac
de contrebande

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Monday 30 May 2011

Lundi 30 mai 2011

*The committee met at 1401 in room 151.*SUPPORTING SMOKE-FREE ONTARIO
BY REDUCING CONTRABAND
TOBACCO ACT, 2011LOI DE 2011 APPUYANT
LA STRATÉGIE ONTARIO SANS FUMÉE
PAR LA RÉDUCTION DU TABAC
DE CONTREBANDE

Consideration of Bill 186, An Act to amend the Tobacco Tax Act / Projet de loi 186, Loi modifiant la Loi de la taxe sur le tabac.

The Chair (Mr. Pat Hoy): The Standing Committee on Finance and Economic Affairs will come to order.

We are here for clause-by-clause consideration of Bill 186, An Act to amend the Tobacco Tax Act. Are there any comments or questions before we begin?

Hearing none, we'll go right into consideration. We have two amendments. The first one is due to be read into the record now. Ms. Gélinas, if you would read it.

M^{me} France Gélinas: I move that the bill be amended by adding the following section:

"0.1 The Tobacco Tax Act is amended by adding the following section:

"Health promotion

"0.1 The government of Ontario shall discourage the use of tobacco by,

"(a) investing in health promotion activities; and

"(b) implementing the proposals of the Tobacco Strategy Advisory Group that were made public in October 2010."

We don't necessarily oppose the punitive aspects that are being forward in the bill, but in isolation, the chances of being successful in what we all want to do—at the end of the day, we want the number of smokers in Ontario to decrease, we want to help smokers quit and we want to make sure that new smokers do not pick up the habit. The way that the bill is written up now, it is a one-legged stool. It has so many chances of falling, of being used as a wedge to divide communities rather than attain its aim that we all share; that is, to make tobacco less available as well as have fewer people using it. I don't want this bill to go out as a punitive aspect in isolation, which is why I thought it should at least have a health

promotion couple of lines in it to bring it a little bit of balance.

The Chair (Mr. Pat Hoy): Is there any other comment?

Mr. Toby Barrett: I don't know if there are any comments from the parliamentary assistant.

The Chair (Mr. Pat Hoy): Mr. Delaney.

Mr. Bob Delaney: While I appreciate the spirit within which my colleague offers her suggestion, I'd just like to point out that the amendment proposed by the motion doesn't appear to be within the scope of the bill or indeed of the Tobacco Tax Act.

The bill deals with five matters: raw leaf tobacco, fine-cut tobacco, arrangements and agreements with First Nations representatives, the enforcement of the act, and matters of terminology. The subject matter of the Tobacco Tax Act is the raising of revenue through the taxation on the consumption of tobacco. The amendment proposed by the motion deals with the government's role in discouraging the use of tobacco. The difficulty is that it's not within the scope of the bill or within the scope of the Tobacco Tax Act.

The Chair (Mr. Pat Hoy): In regard to that, the bill is on the edge of being within the bill or outside of the bill. In that we only have two amendments and the fact that the bill is very close to either side of either being within the bill or outside the bill, I allowed it to go forward.

Mr. Bob Delaney: Okay.

The Chair (Mr. Pat Hoy): Mr. Barrett.

Mr. Toby Barrett: It's a two-part amendment, (a) and (b). Certainly (a), "investing in health promotion activities," especially with whether it's the person's weight or using tobacco or alcohol—there probably cannot be enough health promotion investment, not only by government but by other organizations and agencies. It's one of the more effective strategies of disease prevention. When you look at the Ministry of Health budget, a very small percentage is devoted to health promotion and disease prevention or prevention of accidents and all the other things that normally would be under a Ministry of Health. I know that the focus is on health care, but health promotion is very important.

Some of this legislation mirrors, somewhat, the federal legislation of several years ago. Maybe only two or three years ago, I think some posters were put out by the federal government. I don't recall seeing them anywhere. I would suggest that that education or information or

health promotion initiative was lacklustre. So I would vote yes for (a).

However, (b), with respect to the Tobacco Strategy Advisory Group: The proposals last fall, which were not picked up immediately by this government, obviously—at this stage, I think the horse is out of the barn on that one. I feel that we don't agree with all of the proposals of the Tobacco Strategy Advisory Group as the priority way to go.

Those are my comments on this.

The Chair (Mr. Pat Hoy): Are there any other comments? Mr. Lalonde.

Mr. Jean-Marc Lalonde: Let me tell you that we are committed to helping all Ontarians stay healthy.

Our 2010-11 funding for smoke-free Ontario is over 400% higher than it was in 2003. It means that since 2003 we have invested over \$300 million towards the smoke-free Ontario strategy. We've been working on it by having programs in schools and in the public health sector.

The Chair (Mr. Pat Hoy): Ms. Gélinas.

M^{me} France Gélinas: Given the comments that we just heard, can I ask for a vote on (a) and (b) to be separate, as in, point 0.1(a) would be voted on and then we would vote on point 0.1(b)?

The Chair (Mr. Pat Hoy): Do we have unanimous consent for that?

Mr. Toby Barrett: Is that possible?

The Chair (Mr. Pat Hoy): First of all, I should check if we can actually do that.

Interjection.

The Chair (Mr. Pat Hoy): I'm told it's one amendment.

M^{me} France Gélinas: Okay. Can I make an amendment to my amendment?

The Chair (Mr. Pat Hoy): Yes.

M^{me} France Gélinas: I can? Okay, how about—

The Chair (Mr. Pat Hoy): We'll check to see if it's amendable.

M^{me} France Gélinas: Check away.

Interjections.

The Chair (Mr. Pat Hoy): Since it was time-allocated it could change the outcome of your question.

Interjections.

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The Chair (Mr. Pat Hoy): Amending an amendment would be similar to bringing in a new one, and that's not allowed under the time allocation, so it would have to be dealt with as one amendment.

M^{me} France Gélinas: Can I ask for unanimous consent to make an amendment?

The Chair (Mr. Pat Hoy): No. It was time-allocated and it's an order from the House, so it can't be amended.

Mr. Toby Barrett: Just further to the discussion, I'm interested in the intent of the NDP to break it into two. I know my discussion of (a) and (b) is that it was, I felt, two different issues. I thought it was important to put our position down and make it public in Hansard. I don't get to do that by a yes or no vote on each one, but I thought it

was important to explain our position on (a) and (b). I would like to hear—I don't know about the NDP, but maybe the parliamentary assistant could explain their position on both (a) and (b) specifically. I know you said it wasn't legal or something.

Mr. Bob Delaney: In my previous remarks, I did provide the rationale.

Mr. Toby Barrett: Just to remind me, what was the rationale for (b) specifically, the Tobacco Strategy Advisory Group?

Mr. Bob Delaney: The subject matter of the Tobacco Tax Act is in fact the raising of revenue through the taxation of the consumption of tobacco. The amendment proposed by the motion deals with the government's role in discouraging the use of tobacco, which means that it's not within the scope of either the bill or the Tobacco Tax Act. Meaning no disrespect to the member from Nickel Belt: I appreciate what she's trying to do, it's just that what's she's trying to do is propose a salutary amendment. The amendment, regardless of its intent, doesn't fall within the scope of either the bill or the act itself.

Mr. Toby Barrett: So you would oppose implementing the proposals of the Tobacco Strategy Advisory Group?

Mr. Bob Delaney: I think I've just stated the government's position on that.

The Chair (Mr. Pat Hoy): Any other comment? No other comment.

I'll put the question. All in favour? Those opposed? The motion is lost.

Now the NDP has a second motion. If you would read it into the record, please.

M^{me} France Gélinas: No problem. I move that the bill be amended by adding the following section:

"0.2 The act is amended by adding the following section:

"Education on 2011 amendments

"0.2 The minister shall ensure that the contents and legal effect of the Supporting Smoke-Free Ontario by Reducing Contraband Tobacco Act, 2001 are communicated to the public before October 1, 2012."

This date is the date that was referred to in the bill, which is why, but basically, it deals with the fact that the practice of purchasing illegal tobacco has become normalized in many areas of this province. It certainly is in many areas of my riding, where we can commonly see members of the Sudbury regional police going into the smoke shacks, if they are smokers, to make purchases. We also see people who are strict, law-abiding citizens and a lot of elderly people on fixed incomes who would go and purchase what is contraband tobacco because they have no idea that what they're doing is illegal. Here again, if this act is rolled out without a strong education campaign, then we will make criminals out of people who have no idea what they're doing. The last thing I want is my 87-year-old Aunt Lou in a chain gang cleaning the ditches because she bought her cigarettes where she has been purchasing them for the last 12 years. So we need a strong education campaign.

The Chair (Mr. Pat Hoy): Thank you. I'm just going to ask you to read the second line again; I think you said "2001." So if you'd just read the second line over again.

M^{me} France Gélinas: The "Education on 2011 amendments"?

The Chair (Mr. Pat Hoy): Yes.

M^{me} France Gélinas: And I said "Supporting Smoke-Free Ontario by Reducing Contraband Tobacco Act, 2011"?

The Chair (Mr. Pat Hoy): That's fine now.

M^{me} France Gélinas: Sorry about that.

The Chair (Mr. Pat Hoy): You had said 2001.

Very good. Any other comments? Mr. Delaney.

Mr. Bob Delaney: Although the notion of the chain gang presupposes the will of the electorate, I think it was meant to be more of a colloquial expression.

However, the amendment that's proposed—and again, I do appreciate the spirit within which the suggestion is offered—would require the minister to communicate to the public the contents and legal effect of the Supporting Smoke-Free Ontario by Reducing Contraband Tobacco Act, 2011. Currently, the Legislation Act, 2006, requires the publication of every act on the e-Laws website, which means that it's not clear what else the minister would be required to do in order to communicate the contents of the act to the public, because, clearly, it is already required.

It's also unclear what is meant by the words "legal effect" of the bill and what the minister must do to satisfy the requirement. The minister is clearly not in a position to offer legal advice to the public, and the ministry does routinely publish information setting out its interpretation of the Tobacco Tax Act.

Again, the member has made some well-intended proposals, but on examination of them, it seems as if the ministry is either already doing it or perhaps the intent of what the member is asking for is not sufficiently encapsulated in the words that she chose. As such, the ministry can't support the amendment, however well-intentioned it very clearly is.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Barrett.

Mr. Toby Barrett: I've never actually been on the e-Laws website, and so many of the people who do buy contraband are relatively low-income, and 40% are students—and I assume the 40% of students that buy illegal cigarettes don't go on the e-Laws website. I think the NDP alluded to this: I think it's important to let these people know that it's not right to buy cigarettes this way even though you're not asked your age, and it's relatively easy to do in so many areas, and then you put them on the handlebars of your bicycle and ride into town. Those people don't check out the e-Laws website.

I'm assuming the intent of this amendment—I see words like "education" in the title and "communicated to the public." I would suggest some other information and education and community strategies beyond the e-Laws website, whatever that is. I live out in the sticks; I don't

have high-speed Internet. That goes for a very large number of people, not only in my riding but in many rural and northern communities, perhaps native communities.

So many people who buy this product to save \$50 on a carton, I don't think they understand the seriousness of the crime. I forget the penalties. I guess you would end up in a facility for two years less a day. You would have the potential, as has been proposed, to be out shovelling snow or picking up leaves if you're in a provincial facility like that rather than watching TV all day and smoking cigarettes.

I guess, going back to the previous amendment, part (a), investing in health promotion, which the government voted against—I can't predict how the government's going to vote on this one but I just find it passing strange if the total focus is on the legal side even though you're not going to communicate the legal effect, as I just heard. This is serious business, and I think it's very important to let the public know. I know that at least one of the deputants here complained that they were only given about 24 hours' notice—I think I was given 24 hours' notice to come forward and testify. I don't feel that's any way to run a government.

The Chair (Mr. Pat Hoy): Is there any other comment?

Mr. Bob Delaney: Chair, again, understanding the spirit within which the member offers his suggestions, he suggests that the manner in which a ministry and its staff may from time to time choose to formulate its communications strategy should be set forth in legislation. I would respectfully disagree with him and suggest that legislation, which is difficult and time-consuming to change and is changed very infrequently, isn't the place to etch your communications strategy in stone. I would suggest that the thing to be able to do is for the minister of the time to be able to instruct people to do something that responds to problems which are dynamic in nature and may require treatment more flexible than what can be etched in concrete in legislation.

Again, with regard to his hypothetical comments on a proposed measure which hasn't even been debated, let alone passed, I think those two are well beyond the scope of the bill. So for those reasons, the government will oppose the amendment, again, appreciating the sentiments offered within it, but it does appear to fall within action that the ministry is authorized to take, and the effective communication suggests that the ministry already does those things. Supplementary communications are inappropriate to describe in legislation. They are best described in the ministry's annual strategy.

The Chair (Mr. Pat Hoy): Any other comment?

M^{me} France Gélinas: I guess we wouldn't be where we are now had we communicated more clearly the laws that already exist in Ontario. There are laws that exist that say that people who go and buy contraband tobacco are already breaking existing laws. I didn't even know about e-Laws—and I'm an MPP—so I certainly have

never been on. I'm ready to bet that most people don't know about it either.

The idea of putting it in the bill is really to make it mandatory. Ontario has fallen flat on that part. Put it in the bill to make sure that it happens.

The Chair (Mr. Pat Hoy): Any other comment? Mr. Barrett.

Mr. Toby Barrett: I can't remember: Do you have to be the person making the motion to ask for a recorded vote or can any member of the committee ask for it?

The Chair (Mr. Pat Hoy): No, anyone can ask.

Mr. Toby Barrett: I'd like to ask for a recorded vote.

The Chair (Mr. Pat Hoy): Very good. We'll do that.

Any other comment? Hearing none, a recorded vote is requested.

Ayes

Barrett, Gélinas.

Nays

Albanese, Delaney, Jaczek, Lalonde, Pendergast.

The Chair (Mr. Pat Hoy): The motion is lost.

Sections 1 through 55 have no amendments. Shall they carry? Carried.

Shall the title of the bill carry? Carried.

Shall Bill 186 carry? Carried.

Shall I report the bill to the House? Carried.

We are adjourned.

The committee adjourned at 1424.

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